REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

BILLS SUPPLEMENT

Published by Authority

NO. 22] **TUESDAY, SEPTEMBER 8** **[2026**

First published in the Government *Gazette*, www.egazette.gov.sg, on 8 September 2026 at 5 pm.

Notification No. B 22 — The Finance (Income Taxes) Bill is published for general information. It was introduced in Parliament on 8 September 2026.

Finance (Income Taxes) Bill

Bill No. 22/2026.

Read the first time on 8 September 2026.

A BILL

intituled

An Act to amend the Income Tax Act 1947, the Multinational Enterprise (Minimum Tax) Act 2024, and the Economic Expansion Incentives (Relief from Income Tax) Act 1967, and to make related amendments to the Goods and Services Tax Act 1993 and the Property Tax Act 1960.

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 2026.

(2) Section 4(1)(*d*) is deemed to have come into operation on 1 May 2025.

(3) Section 23 is deemed to have come into operation on 8 December 2025.

(4) Sections 14(1)(*a*) and (2), 38 and 49(*b*) are deemed to have come into operation on 1 January 2026.

(5) Section 25(*a*) and (*c*) is deemed to have come into operation on 13 February 2026.

(6) Sections 27, 28, 32 and 34 come into operation on 1 July 2027.

(7) Sections 37, 39, 49(*d*) and 50 come into operation on a date that the Minister appoints by notification in the *Gazette*.

PART 1

AMENDMENT OF INCOME TAX ACT 1947

Amendment of section 2A

2. In the Income Tax Act 1947 (called in this Part the ITA), in section 2A(4), replace "92L" with "92M".

Amendment of section 10

3.—(1) In the ITA, in section 10(4)(*a*) —

(*a*) after "within the meaning of section 13A", insert ", by an approved international shipping enterprise within the meaning of section 13E,"; and

(*b*) replace "or 13P" with ", 13E or 13P".

(2) The amendments in subsection (1) apply for the year of assessment 2027 and each subsequent year of assessment.

Amendment of section 13

4.—(1) In the ITA, in section 13 —

(*a*) in subsection (1)(*zb*), after "Early Childhood Development Centres Act 2017", insert "or an early childhood development centre operated by or on behalf of the Government";

(*b*) in subsection (1)(*zj*)(ii)(B) and (iii)(B), replace "31 December 2026" with "31 December 2031";

(*c*) in subsection (1)(*zj*)(ii)(B)(BA) and (BB) and (iii)(B)(BA) and (BB), replace "1 January 2027" with "1 January 2032";

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

"(*zra*) any contribution to the Central Provident Fund in respect of an individual, and any cash payment to an individual, made on or after 1 May 2025 by the Government under the ComLink+ Package for Employment that is part of the public scheme known as the ComLink+ Progress Packages;";

(*e*) in subsection (16), after the definition of "deposit", insert —

" "early childhood development centre" has the meaning given by section 2 of the Early Childhood Development Centres Act 2017;"; and

(*f*) in subsection (16), after the definition of "national serviceman", insert —

" "operate", in relation to an early childhood development centre, has the meaning given by section 2 of the Early Childhood Development Centres Act 2017;".

(2) The amendments in subsection (1)(*a*), (*e*) and (*f*) apply for the year of assessment 2027 and each subsequent year of assessment.

Amendment of section 13A

5. In the ITA, in section 13A —

(*a*) delete subsection (1C);

(*b*) after subsection (1D), insert —

"(1E) This section does not apply to the following income of a shipping enterprise, being an international shipping enterprise approved under section 13E, derived in the basis period for the year of assessment 2027 or any subsequent year of assessment:

(*a*) any income derived from the operation of Singapore ships under subsection (1);

(*b*) any income described in subsections (1B), (1CA), (1CD), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) and (1CL).";

(*c*) in subsection (3)(*b*), delete "(1C),"; and

(*d*) in subsection (16), delete the definition of "ship management services".

Amendment of section 13E

6. In the ITA, in section 13E —

(*a*) in subsection (1), replace "subsections (1A) and (2)" with "subsection (2)";

(*b*) in subsection (1), delete paragraph (*e*);

(*c*) delete subsection (1A);

(*d*) after subsection (1AD), insert —

"(1AE) Subject to subsection (2), for the year of assessment 2027 and subsequent years of assessment, there is exempt from tax any income of an approved international shipping enterprise described in section 13A(1), (1B), (1CA), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) and (1CL), being income that would have been exempt from tax under that section but for the operation of subsection (1E) of that section.”;

(*e*) in subsection (3)(*b*), replace “subsection (1)” with “subsections (1) and (1AE)”;

(*f*) replace subsections (4) and (4A) with —

“(3A) Subsection (3B) applies if an approved international shipping enterprise (*X*) —

(*a*) had previously derived any income described in section 13A(1), (1CE) and (1CH) in respect of a ship during the basis period for one or more years of assessment (each called a section 13A YA) that was exempt from tax under section 13A; and

(*b*) derives any income in respect of that ship during the basis period for the year of assessment 2027 or a subsequent year of assessment that is exempt from tax under this section, being the first year of assessment in which such income of *X* is so exempt.

(3B) For the purpose of determining under subsection (3) the amount of *X*’s income that is exempt from tax under this section for the year of assessment mentioned in subsection (3A)(*b*), the allowances in sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21, 22 and 23 in respect of that ship that may be made to *X* for that year of assessment are to be calculated on the residue of expenditure or reducing value of the assets after taking into account those allowances for each section 13A YA, even if no claim for such allowances was made by *X* for that section 13A YA.

(4) Where an approved international shipping enterprise incurs a loss during the tax exempt period in respect of —

(*a*) any operation, activity or service mentioned in paragraphs (*a*) to (*d*), (*f*), (*h*) to (*lb*) and (*n*) to (*v*) of subsection (1); or

(*b*) any operation, activity or service mentioned in section 13A(1), (1B), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) and (1CL),

that loss —

(*c*) must be deducted in accordance with section 37; and

(*d*) may only be deducted against the income mentioned in any of those paragraphs of subsection (1) or section 13A(1), (1B), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) and (1CL) (as applied by subsection (1AE)), and the balance of such loss is not available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period is available as a deduction against any other income for the year of assessment which relates to the basis period in which the tax exemption ceases and for any subsequent year of assessment in accordance with section 37.

(4A) Where an approved international shipping enterprise incurs a loss on —

(*a*) any sale or assignment mentioned in subsection (1)(*g*), (*m*), (*ma*) or (*mb*); or

(*b*) any sale or assignment mentioned in section 13A(1CA),

in any basis period falling, in whole or in part, within the tax exempt period, that loss may only be deducted against the gains derived from another sale or assignment mentioned in subsection (1)(*g*), (*m*), (*ma*) or (*mb*) or section 13A(1CA) (as applied by subsection (1AE)) in that basis period, and the balance of the loss is not available as a deduction against any other income.”; and

(*g*) in subsection (6), delete the definition of “ship management services”.

Amendment of section 13R

7. In the ITA, in section 13R(2), replace “31 December 2027” with “31 December 2032”.

Amendment of section 14B

8. In the ITA, in section 14B —

(*a*) in subsection (2AB), after “permanent establishment in Singapore”, insert “, not being an approved firm or approved company,”;

(*b*) in subsection (2AC), delete “, to the extent that such expenses do not fall within subsection (1)”;

(*c*) after subsection (2AD), insert —

“(2AE) For the purposes of subsection (1) and subject to subsection (2B), the firm or company need not be an approved firm or approved company to be allowed a deduction under subsection (1)(*b*) in respect of any expenses mentioned in subsection (2) that are incurred at any time during the period between the first day of the basis period for the year of assessment 2027 and 31 December 2030 (both dates inclusive).

(2AF) Despite subsection (1) but subject to subsection (2B), where the Comptroller is satisfied that any expenses mentioned in subsection (2AG) have been incurred by a firm or company resident in or having a permanent establishment in Singapore, not being an approved firm or approved company, at any time during the period between the first day of the basis period for the year of assessment 2027 and 31 December 2030 (both dates inclusive) for the primary purpose of promoting the trading of goods or the provision of services, there is to be allowed to the firm or company a further deduction of the amount of such expenses in addition to the amount allowed under section 14.

(2AG) The expenses mentioned in subsection (2AF) are the following types of expenses that fall within descriptions prescribed by rules made under section 7:

(*a*) expenses to secure a spot to speak at a trade mission or trade promotion activity held or conducted outside Singapore;

(*b*) expenses for the transportation of any sample for use at a trade mission or trade promotion activity held or conducted outside Singapore;

(*c*) expenses to engage a consultant (not being a related party of the firm or company or an officer or employee of such related party) to organise a business networking event during a trade mission or trade promotion activity held or conducted outside Singapore;

(*d*) expenses directly attributable to the carrying out of market research or obtaining of market information, including any feasibility study;

(*e*) expenses for the engagement of a consultant (not being a related party of the firm or company or an officer or employee of such related party) —

(i) to identify a suitable person to promote the trading of any goods, or the provision of any services, in a foreign country; or

(ii) to build up a business network in a foreign country.

(2AH) Rules made for the purposes of subsection (2AG) may be made to take effect from the year of assessment 2027.";

(*d*) in subsections (2B) and (3), replace "and (2AB)" with ", (2AB), (2AE) and (2AF)";

(*e*) in subsection (2B)(*a*), delete "or" at the end;

(*f*) in subsection (2B), replace paragraph (*b*) with —

"(*b*) for any year of assessment between the years of assessment 2019 and 2026 (both years inclusive) — $150,000; or

(*c*) for the year of assessment 2027 or a subsequent year of assessment — $400,000."; and

(*g*) in subsection (11), in the definition of "market development expenditure", in paragraph (*e*)(i) and (ii), replace "country outside Singapore" with "foreign country".

Amendment of section 14H

9. In the ITA, in section 14H —

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

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

"(iii) where the expenditure is incurred at any time during the period between the first day of the basis period for the year of assessment 2027 and 31 December 2030 (both dates inclusive) — such other investment development expenditure as is prescribed by rules made under section 7; and”;

(*c*) after subsection (1AA), insert —

“(1AB) Rules made for the purposes of subsection (1A)(*a*)(iii) may be made to take effect from the year of assessment 2027.”;

(*d*) in subsection (1B), after “section 14B(2A),”, insert “(2AA), (2AB), (2AE) and (2AF) (whichever is applicable),”;

(*e*) in subsection (1B)(*a*), delete “or” at the end; and

(*f*) in subsection (1B), replace paragraph (*b*) with —

“(*b*) for any year of assessment between the years of assessment 2019 and 2026 (both years inclusive) — $150,000; or

(*c*) for the year of assessment 2027 or a subsequent year of assessment — $400,000.”.

Amendment of section 14X

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

(*a*) replace “or 14P” with “, 14P or 14ZK”; and

(*b*) replace “or 14P(5)” with “, 14P(5) or 14ZK(8)”.

Amendment of section 14Z

11. In the ITA, in section 14Z —

(*a*) in subsections (1) and (13)(*b*), replace “31 December 2026” with “31 December 2029”; and

(*b*) in subsection (4)(*c*), replace “2026” with “2029”.

Amendment of section 14ZH

12. In the ITA, in section 14ZH(4), after “$50,000”, insert “or such other amount as may be prescribed by rules made under section 7,”.

New sections 14ZK and 14ZL

13.—(1) In the ITA, after section 14ZJ, insert —

"**Deduction for qualifying AI expenditure for years of assessment 2027 and 2028**

14ZK.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2027 or 2028, there is allowed in respect of all of the person's trades and businesses, a deduction for qualifying AI expenditure incurred for the purposes of those trades and businesses computed in accordance with the formula A × B%, where —

(*a*) A is the lower of the following:

(i) the qualifying AI expenditure incurred during the basis period for that year of assessment;

(ii) $50,000; and

(*b*) B is —

(i) where such expenditure is allowable as a deduction under section 14 — 300%; or

(ii) where such expenditure is not allowable as a deduction under section 14 — 400%.

(2) In this section —

"qualifying AI expenditure" means any expenditure incurred on —

(*a*) the subscription to, or licensing from another person of, an AI system; or

(*b*) the subscription to, or acquisition or licensing from another person of, a qualifying AI business service,

but excludes any expenditure incurred on any physical infrastructure or hardware;

"AI system" means a machine-based system that, for explicit or implicit objectives, infers, from the inputs it receives, how to generate outputs such as predictions, content, recommendations or decisions that may influence physical or virtual environments, and includes (but is not limited to) a system that has one or more of the following capabilities:

(*a*) content generation;

(*b*) reasoning and problem solving;

(*c*) knowledge retrieval and representation;

(*d*) natural language processing;

(*e*) automated planning and optimisation;

(*f*) multimodal processing such as image or object recognition and audio-to-text processing,

but excludes such system as may be prescribed by rules made under section 7;

Examples

(*a*) Machine learning models such as neural networks and deep learning systems.

(*b*) Conversational AI and generative language models.

(*c*) Computer vision applications such as AI facial recognition and AI object detection systems.

(*d*) Natural language processing applications such as AI machine translation and AI sentiment analysis.

"qualifying AI business service" means any service provided to a person (*X*) by another person for the purpose of supporting the adoption or development of artificial intelligence in *X*'s trade or business, where the service relates to the development, deployment, operation or maintenance of an AI system, and includes (but is not limited to) any of the following services when used in relation to the development, deployment, operation or maintenance of an AI system:

(*a*) provision of an online platform for *X*'s use;

(*b*) system development service;

(*c*) consultancy and strategy service;

(*d*) data and analytics service;

(*e*) research and development service;

(*f*) system engineering and compliance service;

(*g*) system-related training service,

but excludes such services as may be prescribed by rules made under section 7.

(3) For the purposes of subsection (1), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for the year of assessment 2027 or 2028, incurred qualifying AI expenditure in respect of such firms for the purposes of the individual's trade or business, the deduction that may be allowed to the individual for that expenditure in respect of all of the individual's trades and businesses must not exceed the amount computed in accordance with subsection (1) for that year of assessment.

(4) For the purposes of subsection (1), where a partnership carrying on a trade or business has, during the basis period for the year of assessment 2027 or 2028, incurred qualifying AI expenditure for the purposes of the partnership's trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all of the trades and businesses of the partnership must not

exceed the amount computed in accordance with subsection (1) for that year of assessment.

(5) Where a person —

(*a*) incurs a single expenditure part of which is not qualifying AI expenditure (for instance, because the AI system for which the single expenditure is incurred includes both software and hardware); and

(*b*) is unable, despite reasonable efforts, to obtain evidence as to which part of the expenditure is qualifying AI expenditure,

then, for the purpose of claiming the deduction, the person must apportion the expenditure between expenditure that is qualifying AI expenditure and other expenditure in a manner that is reasonable in the circumstances.

(6) If the Comptroller is not satisfied that an apportionment under subsection (5) is reasonable in the circumstances, the Comptroller may, according to his or her best judgment, apportion the expenditure in a manner that he or she considers to be reasonable in the circumstances.

(7) No deduction is allowed to a person under this section in respect of —

(*a*) any expenditure for which a deduction is given under section 14A, 14C, 14D, 14EA, 14EB, 14U or 14ZG;

(*b*) any qualifying AI expenditure for an AI system incurred during the basis period for a year of assessment where —

(i) the AI system is sub-licensed to another person during that basis period; or

(ii) an allowance has been made in a previous year of assessment to that person under section 19 or 19A in respect of the same AI system; or

(*c*) such expenditure as may be prescribed by rules made under section 7.

(8) For the purposes of this section, any qualifying AI expenditure incurred by a person prior to the commencement of that person's trade or business is treated as having been incurred by that person on the first day that the person carries on that trade or business, but a deduction for such expenditure is subject to section 14X.

(9) A reference in this section to qualifying AI expenditure excludes any expenditure to the extent that it is or is to be subsidised by any grant or subsidy from the Government or a statutory board.".

(2) In the ITA, after section 14ZK (as inserted by subsection (1)), insert —

"**Deduction for expenditure incurred in deriving income from any trade, business, profession or vocation**

14ZL.—(1) This section applies for the purpose of ascertaining, for the basis period for the year of assessment 2027 or a subsequent year of assessment, an individual's income that is derived from one or more trades, businesses, professions or vocations that is chargeable to tax under section 10(1)(*a*) (called in this section specified income), and in respect of which there are outgoings or expenses that are deductible under this Part.

(2) For the purposes of this section, "specified income" excludes any income derived by an individual from carrying on any trade, business, profession or vocation —

(*a*) to which section 14ZA, 14ZB or 14ZH applies; or

(*b*) as a partner in a partnership.

(3) Despite any other provision in this Part, but subject to subsections (4) and (5), there is to be deducted from the individual's specified income for the basis period, in lieu of the outgoings or expenses mentioned in subsection (1), an amount computed in accordance with the formula A × B, where —

(*a*) A is 20% or such other percentage as may be prescribed by rules made under section 7; and (*b*) B is the gross amount of the individual's specified income derived in the basis period.

(4) Subsection (3) does not apply to the individual's specified income from any one trade, business, profession or vocation in that basis period if the gross amount of that specified income exceeds $50,000, or such other amount as may be prescribed by rules made under section 7.

(5) Subsection (3) does not apply if the individual makes an election to the Comptroller, in such form and manner and within such time as the Comptroller may determine, to disapply that subsection —

(*a*) if the individual derives specified income from only one trade, business, profession or vocation in that basis period — to all of his or her specified income that is derived in that basis period; or

(*b*) if the individual derives specified income from more than one trade, business, profession or vocation in that basis period — to all of his or her specified income derived from one or more of those trades, businesses, professions or vocations as specified by him or her, that is derived in that basis period.".

Amendment of section 15

14.—(1) In the ITA, in section 15 —

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

"(ii*d*) such payment made on or after 1 January 2026 by a platform operator on behalf of a platform worker of the platform operator that is directed to be paid to the medisave account of that platform worker in accordance with section 13B of the Central Provident Fund Act 1953;"; and

(*b*) in subsection (2), replace "or 14U" with ", 14U or 14ZK".

(2) The amendment in subsection (1)(*a*) applies for the year of assessment 2027 and each subsequent year of assessment.

Amendment of section 34G

15. In the ITA, in section 34G(9) —

(*a*) in the subsection heading, replace "***and 14R***" with "***, 14R and 14ZK***"; and

(*b*) replace "and 14R" with ", 14R and 14ZK".

Amendment of section 36B

16. In the ITA, in section 36B(1)(*e*) —

(*a*) replace "and 92L" with ", 92L and 92M";

(*b*) replace "and 92L(7)" with ", 92L(7) and 92M(7)"; and

(*c*) in the definition of "local employee", in paragraph (*b*), replace "or 2024 (for the purposes of section 92L)" with ", 2024 (for the purposes of section 92L) or 2025 (for the purposes of section 92M)".

Amendment of section 37

17. In the ITA, in section 37 —

(*a*) replace subsection (2) with —

"(2) For the purposes of this section, and unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, where a person is —

(*a*) a company whose income (if any) is subject to tax at different rates of tax for any year of assessment; or (*b*) a body of persons whose income (if any) is subject to tax at different rates of tax for the year of assessment 2027 or any subsequent year of assessment,

the Comptroller must apportion any sum allowable under subsection (3)(*b*), (*c*) or (*f*) (as applicable) among the different rates of tax on such basis as the Comptroller considers reasonable.”;

(*b*) in subsection (3), delete paragraph (*d*);

(*c*) in subsections (3A) and (10A), replace “subsection (3)(*b*) to (*f*)” with “subsection (3)(*b*), (*c*), (*e*) and (*f*)”;

(*d*) in subsection (3A)(*a*)(ii), replace “31 December 2026” with “31 December 2029”;

(*e*) in subsections (3B), (3C), (3F), (3G), (7), (8), (9) and (12), delete “(*d*),”;

(*f*) in subsection (3B), replace “, an institution of a public character or a prescribed educational, research or other institution in Singapore” with “or an institution of a public character”;

(*g*) in subsection (3B)(*a*), replace “, institution of a public character or educational, research or other institution” with “or institution of a public character”;

(*h*) in subsection (3E), in the definition of “governing instrument”, delete “(*d*),”;

(*i*) in subsection (3E), in the definition of “recipient”, in paragraph (*c*), insert “or” at the end;

(*j*) in subsection (3E), in the definition of “recipient”, delete paragraph (*d*); and

(*k*) delete subsection (3K).

Amendment of section 37A

18. In the ITA, in section 37A —

(*a*) in subsections (4) and (7), after "the company" wherever it appears, insert "or body of persons"; and

(*b*) in subsection (10), delete ", (*d*)".

Amendment of section 37AA

19. In the ITA, in section 37AA(12), delete "(*d*)," wherever it appears.

Amendment of section 37AB

20. In the ITA, in section 37AB(6), delete "(*d*)," wherever it appears.

Amendment of section 37B

21. In the ITA, in section 37B(14)(*c*), delete ", (*d*)".

Amendment of section 37Q

22. In the ITA, in section 37Q(2)(*a*), after "14Z(7) and (9)", insert ", 14ZK(9)".

Amendment of section 39

23.—(1) In the ITA, in section 39(2)(*ha*), replace "of an amount to be determined by the formula A − B" with ", but not exceeding an amount to be determined by the formula A − B".

(2) The amendment in subsection (1) applies for the year of assessment 2026 and each subsequent year of assessment.

Amendment of section 43E

24. In the ITA, in section 43E(5), replace "31 December 2026" with "31 December 2031".

Amendment of section 43I

25. In the ITA, in section 43I —

(*a*) after subsection (1AC), insert —

"(1AD) Regulations made to prescribe any environmental instrument as a prescribed commodity for the purposes of subsection (1)(*a*)(i) may be made to take effect from (and including) 13 February 2026.";

(*b*) in subsection (1A), replace "31 December 2026" with "31 December 2031"; and

(*c*) in subsection (3), before the definition of "global trading company", insert —

" "commodity" includes an environmental instrument;".

Amendment of section 45I

26. In the ITA, in section 45I —

(*a*) in subsections (1)(*a*) and (3)(*d*), (*e*), (*f*)(i) and (*g*), replace "31 December 2026" with "31 December 2031";

(*b*) in subsection (1)(*ca*)(i), replace "the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*, to 31 December 2026" with "4 November 2022 to 31 December 2031";

(*c*) in subsection (3), replace paragraph (*da*) with —

"(*da*) at any time during the period from 4 November 2022 to 31 December 2031 (both dates inclusive) under a contract which was varied, where the variation takes effect on or after 4 November 2022 and before the approval date;"; and

(*d*) in subsection (3)(*fa*), replace sub-paragraph (i) with —

"(i) the variation takes effect on a date which falls within the period from 4 November 2022 or the approval date (whichever is later) to 31 December 2031 (both dates inclusive); and".

Amendment of section 50

27. In the ITA, in section 50 —

(*a*) in subsection (11), delete “, in the manner specified by the Comptroller,”; and

(*b*) after subsection (11), insert —

“(11AA) A company must give the written notice using the electronic service, except that the Comptroller may in any particular case or class of cases permit the written notice to be given in any other manner.”.

Amendment of section 76

28. In the ITA, in section 76, after subsection (2), insert —

“(2AA) A company making an application must do so using the electronic service, except that the Comptroller may in any particular case or class of cases permit the application to be made in any other manner.”.

Amendment of section 80

29. In the ITA, in section 80(1)(*b*), replace “14 days” with “35 days”.

Amendment of section 81

30. In the ITA, in section 81 —

(*a*) in subsection (3), replace “The” with “Subject to subsection (3A), the”; and

(*b*) after subsection (3), insert —

“(3A) An appeal under subsection (2) must be filed, and any document necessary for the purpose of filing the appeal must be served on all parties who have an interest in the matter, within 28 days after the date of the decision of the Board.”.

New section 92M

31. In the ITA, after section 92L, insert —

“**Remission of tax for companies for year of assessment 2026 and cash grant for companies**

92M.—(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 2026 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 2025 in accordance with regulation 2(1) of the Central Provident Fund Regulations 1987 (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 2025 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 2025;

(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 2025;

(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*) of that definition (as the case may be) is to be disregarded for the purpose of paragraph (*a*) of that definition.".

Amendment of section 93A

32. In the ITA, in section 93A, after subsection (1), insert —

"(1AA) A company making an application must do so using the electronic service, except that the Comptroller may in any particular case or class of cases permit the application to be made in any other manner.".

Amendment of section 107

33. In the ITA, in section 107 —

(*a*) in subsection (11), after "14ZG", insert ", 14ZK";

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

(*c*) in subsection (28A), replace "or 92L" with ", 92L or 92M";

(*d*) in subsection (28A), replace "or 92L(7)" with ", 92L(7) or 92M(7)"; and

(*e*) in subsection (28A), in the definition of "local employee", in paragraph (*b*), replace "or 2024 (for the purposes of section 92L)" with ", 2024 (for the purposes of section 92L) or 2025 (for the purposes of section 92M)".

Amendment of Third Schedule

34. In the ITA, in the Third Schedule, in Part 3, in section 50 —

(*a*) in subsection (11A), delete ", in the manner specified by the Comptroller,"; and

(*b*) after subsection (11A), insert —

"(11AA) The written notice under subsection (11A) must be given using the electronic service, except that the Comptroller may in any particular case or class of cases permit the notice to be given in any other manner.".

Amendment of Fourth Schedule

35. In the ITA, in the Fourth Schedule, after "13R,", insert "13V,".

PART 2

AMENDMENT OF MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

Amendment of section 2

36. In the Multinational Enterprise (Minimum Tax) Act 2024 (called in this Part the MMTA), in section 2(1), in the definition of "GIR" or "GloBE information return", after "qualified IIR", insert ", qualified UTPR, qualified domestic minimum top-up tax, MTT or DTT".

Amendment of section 9

37.—(1) In the MMTA, in section 9, replace subsections (3) and (4) with —

"(3) Where each constituent entity of an MNE group located in Singapore —

(*a*) has a FANIL as specified in paragraph 6(14) of the First Schedule; and

(*b*) uses Singapore dollar as its functional currency in preparing its financial statements,

the calculations for the purposes of Part 3 in relation to the MNE group, or a constituent entity of the MNE group, are to be carried out in Singapore dollar.

(4) Where —

(*a*) a standalone JV located in Singapore; or

(*b*) each entity of a JV group located in Singapore,

satisfies both of the following:

(*c*) has a FANIL as specified in paragraph 6(14) of the First Schedule (as applied by section 30(7));

(*d*) uses Singapore dollar as its functional currency in preparing its financial statements,

the calculations for the purposes of Part 3 in relation to the standalone JV, or to the JV group or an entity of the JV group, are to be carried out in Singapore dollar.".

(2) Subsection (1) applies in relation to each financial year beginning on or after 1 January 2025 of an MNE group, or the MNE group to which a standalone JV located in Singapore, or an entity of a JV group located in Singapore, is connected.

Amendment of section 20

38.—(1) In the MMTA, in section 20(1) —

(*a*) in paragraph (*a*), delete "located in a jurisdiction"; and

(*b*) in paragraph (*b*), delete "for that jurisdiction".

(2) Subsection (1) applies in relation to each financial year of an MNE group beginning on or after 1 January 2026.

Amendment of section 30

39.—(1) In the MMTA, in section 30, replace subsection (7) with —

"(7) Despite subsection (6), paragraph 6(14) of the First Schedule (including the prescribed circumstances mentioned in that provision) applies to determine the top-up amount for a financial year of —

(*a*) a standalone JV (X) located in Singapore; or

(*b*) each entity (Y) of a JV group located in Singapore,

that is treated as a constituent entity of an MNE group located in Singapore, subject to the following modifications:

(*c*) a reference to each constituent entity of an MNE group located in Singapore is to X or Y;

(*d*) such other modifications as may be prescribed by regulations made under section 84.".

(2) Subsection (1) applies in relation to each financial year of an MNE group beginning on or after 1 January 2025.

Amendment of section 31

40. In the MMTA, in section 31(2)(*h*) and (4)(*c*), replace "pursuant to a qualifying competent authority agreement" with "with which the competent authority of Singapore has a qualifying competent authority agreement".

Amendment of section 32

41. In the MMTA, in section 32(3)(*b*), replace "pursuant to a qualifying competent authority agreement" with "with which the competent authority of Singapore has a qualifying competent authority agreement".

Amendment of section 40

42. In the MMTA, in section 40 —

(*a*) in subsection (2), replace "pursuant to a qualifying competent authority agreement" with "with which the competent authority of Singapore has a qualifying competent authority agreement";

(*b*) after subsection (4), insert —

"(4A) Despite subsections (2) and (3), if the Comptroller does not receive from the competent authority mentioned in subsection (2) the GloBE information return of the registered MNE group within the time set out in the qualifying competent authority agreement, the Comptroller may give a written notice to the designated local GIR filing entity of the registered MNE group requiring it to file with the Comptroller a GloBE information return for that financial year —

(*a*) by the due date specified in the written notice; and

(*b*) in the form and manner determined by the Comptroller,

and the designated local GIR filing entity must comply with the requirement.

(4B) The due date mentioned in subsection (4A)(*a*) must be at least one month after the date of the written notice."; and

(*c*) in subsection (5), replace "subsection (1) or (2)" with "subsection (1), (2) or (4A)".

Amendment of section 41

43. In the MMTA, in section 41, after subsection (6), insert —

"(7) The Minister may, by order in the *Gazette*, exempt the responsible members of registered MNE groups of a specified class, or a responsible member of a registered MNE group, from the requirement to furnish a return under subsection (1) for each financial year starting from a specified financial year, subject to such conditions as may be specified in the order.".

Amendment of section 43

44. In the MMTA, in section 43, after subsection (6), insert —

"(7) The Minister may, by order in the *Gazette*, exempt the designated local DTT filing entities of registered MNE groups of a specified class, or a designated local DTT filing entity of a registered MNE group, from the requirement to furnish a return under subsection (1) for each financial year starting from a specified financial year, subject to such conditions as may be specified in the order.".

Amendment of section 55

45. In the MMTA, in section 55 —

(*a*) in subsection (2), replace "The" with "Subject to subsection (2A), the"; and

(*b*) after subsection (2), insert —

"(2A) An appeal under subsection (1) must be filed, and any document necessary for the purpose of filing the appeal must be served on all parties who have an interest in the matter, within 28 days after the date of the decision of the Board.".

Amendment of section 66

46. In the MMTA, in section 66, replace "or (3)" with ", (3) or (4A)".

Amendment of section 67

47. In the MMTA, in section 67, replace "or (3)" with ", (3) or (4A)".

Amendment of section 83

48. In the MMTA, in section 83(2), after paragraph (*a*), insert —

"(*aa*) section 6(4) is replaced with the following provision:

"(4) The obligation as to secrecy imposed by this section does not prevent the disclosure of information to the competent authority of a jurisdiction with whom Singapore has an active exchange relationship as defined by the Multilateral Competent Authority Agreement on the Exchange of GloBE Information developed by the Organisation for Economic Co-operation and Development (OECD), for the purpose of discharging Singapore's obligation under that Agreement.";

(*ab*) section 6(4AA) is omitted;".

Amendment of section 84

49. In the MMTA, in section 84 —

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

"(*la*) for the purposes of implementing Singapore's obligations under the Multilateral Competent Authority Agreement on the Exchange of GloBE Information developed by the Organisation for Economic Co-operation and Development (OECD);";

(*b*) after subsection (2), insert —

"(3) Regulations made for the purposes of subsection (1)(*l*) 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), and regulations made in this manner may be made to apply in relation to each financial year of an MNE group beginning on or after 1 January 2026.";

(*c*) after subsection (3) (as inserted by paragraph (*b*)), insert —

"(4) Regulations made for the purposes of subsection (1)(*la*) may be made to apply in relation to information contained in a GloBE information return of a registered MNE group filed with the Comptroller under section 40(1) for any of its financial years beginning on or after 1 January 2025, or a subsequent financial year."; and

(*d*) after subsection (4) (as inserted by paragraph (*c*)), insert —

"(5) Regulations made for the purposes of section 30(7) and paragraph 6 of the First Schedule (including that paragraph as applied by sections 9(3) and (4) and 30(7)) may be made to apply in relation to each financial year of an MNE group beginning on or after 1 January 2025.".

Amendment of First Schedule

50.—(1) In the MMTA, in the First Schedule —

(*a*) replace the Schedule reference with —

"Sections 2(1), (2) and (4), 9(1)(*b*), (3)(*a*) and (4)(*c*), 18(7) and (8), 24(16), 25(3) and (6), 30(2)(*c*), (2A), (7) and (9), 40(5) and 84(5)"; and (*b*) in paragraph 6, replace sub-paragraph (14) (and the sub-heading immediately above sub-paragraph (14)) with —

"***FANIL for DTT purposes of constituent entity of MNE group located in Singapore is its net income or loss in its financial statements, in prescribed circumstances***

(14) In the circumstances prescribed in regulations made under section 84, the "FANIL" or "financial accounting net income or loss" for the purposes of Part 3 for a financial year specified in those regulations of each constituent entity of an MNE group that is located in Singapore, is the net income or loss determined for that constituent entity in its financial statements, and sub-paragraphs (3), (6) and (7) do not apply in those circumstances.".

(2) Subsection (1) applies in relation to each financial year of an MNE group beginning on or after 1 January 2025.

PART 3

RELATED AMENDMENTS TO GOODS AND SERVICES TAX ACT 1993

Amendment of section 52

51. In the Goods and Services Tax Act 1993, in section 52(1)(*b*), replace "14 days" with "35 days".

Amendment of section 54

52. In the Goods and Services Tax Act 1993, in section 54 —

(*a*) in subsection (3), replace "The" with "Subject to subsection (3A), the"; and

(*b*) after subsection (3), insert —

"(3A) An appeal under subsection (2) must be filed, and any document necessary for the purpose of filing the appeal must be served on all parties who have an interest in the matter, within 28 days after the date of the decision of the Board.".

PART 4

RELATED AMENDMENTS TO PROPERTY TAX ACT 1960

Amendment of section 32

53. In the Property Tax Act 1960, in section 32(1)(*b*), replace "14 days" with "35 days".

Amendment of section 35

54. In the Property Tax Act 1960, in section 35 —

(*a*) in subsections (1) and (3), replace "21 days" with "28 days"; and

(*b*) after subsection (5), insert —

"(5A) Any document necessary for the purpose of filing an appeal under subsection (1) or (3) must be served on all parties who have an interest in the matter, within 28 days after the date of the decision of the Board.".

PART 5

AMENDMENT OF ECONOMIC EXPANSION INCENTIVES (RELIEF FROM INCOME TAX) ACT 1967

Amendment of section 49

55. In the Economic Expansion Incentives (Relief from Income Tax) Act 1967, in section 49, after "19B(1A)", insert ", (1AD)".

PART 6

SAVING AND TRANSITIONAL PROVISIONS

Saving and transitional provisions

56.—(1) Section 80(1)(*b*) of the Income Tax Act 1947 as amended by section 29 of the Finance (Income Taxes) Act 2026 only applies in relation to an appeal that is fixed for hearing under section 80(1)(*a*) of the Income Tax Act 1947 on or after the date of commencement of section 29 of the Finance (Income Taxes) Act 2026, and section 80(1)(*b*) of the Income Tax Act 1947 as in force immediately before that date continues to apply in relation to an appeal that is fixed for hearing before that date.

(2) Despite section 30 of the Finance (Income Taxes) Act 2026, section 81 of the Income Tax Act 1947 as in force immediately before the date of commencement of section 30 of the Finance (Income Taxes) Act 2026 (and the period under the Rules of Court 2021 (G.N. No. S 914/2021) for filing an appeal to the General Division of the High Court and serving appeal documents on all parties) continues to apply in relation to any decision made before that date by the Board of Review constituted under section 78 of the Income Tax Act 1947.

(3) Section 80(1)(*b*) of the Income Tax Act 1947 as amended by section 29 of the Finance (Income Taxes) Act 2026, and as applied by section 54(5) of the Multinational Enterprise (Minimum Tax) Act 2024 (called in this section the MMTA), only applies in relation to an appeal that is fixed for hearing under section 80(1)(*a*) of the Income Tax Act 1947 as applied by section 54(5) of the MMTA on or after the date of commencement of section 29 of the Finance (Income Taxes) Act 2026, and section 80(1)(*b*) of the Income Tax Act 1947 as in force immediately before that date and as applied by section 54(5) of the MMTA continues to apply in relation to an appeal that is fixed for hearing before that date.

(4) Despite section 45 of the Finance (Income Taxes) Act 2026, section 55 of the MMTA as in force immediately before the date of commencement of section 45 of the Finance (Income Taxes) Act 2026 (and the period under the Rules of Court 2021 for filing an appeal to the General Division of the High Court and serving the appeal documents on all parties) continues to apply in relation to any decision made before that date by the Board of Review referred to in section 54(1) of the MMTA.

(5) Section 52(1)(*b*) of the Goods and Services Tax Act 1993 as amended by section 51 of the Finance (Income Taxes) Act 2026 only applies in relation to an appeal that is fixed for hearing under section 52(1)(*a*) of the Goods and Services Tax Act 1993 on or after

the date of commencement of section 51 of the Finance (Income Taxes) Act 2026, and section 52(1)(*b*) of the Goods and Services Tax Act 1993 as in force immediately before that date continues to apply in relation to an appeal that is fixed for hearing before that date.

(6) Despite section 52 of the Finance (Income Taxes) Act 2026, section 54 of the Goods and Services Tax Act 1993 as in force immediately before the date of commencement of section 52 of the Finance (Income Taxes) Act 2026 (and the period under the Rules of Court 2021 for filing an appeal to the General Division of the High Court and serving appeal documents on all parties) continues to apply in relation to any decision made before that date by the Goods and Services Tax Board of Review constituted under section 50 of the Goods and Services Tax Act 1993.

(7) Section 32(1)(*b*) of the Property Tax Act 1960 as amended by section 53 of the Finance (Income Taxes) Act 2026 only applies in relation to an appeal that is fixed for hearing under section 32(1)(*a*) of the Property Tax Act 1960 on or after the date of commencement of section 53 of the Finance (Income Taxes) Act 2026, and section 32(1)(*b*) of the Property Tax Act 1960 as in force immediately before that date continues to apply in relation to an appeal that is fixed for hearing before that date.

(8) Despite section 54 of the Finance (Income Taxes) Act 2026, section 35 of the Property Tax Act 1960 as in force immediately before the date of commencement of section 54 of the Finance (Income Taxes) Act 2026 continues to apply in relation to any decision made before that date by the Valuation Review Board constituted under section 23 of the Property Tax Act 1960.

(9) For a period of 2 years after the date of publication in the *Gazette* of the Finance (Income Taxes) Act 2026, 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 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 2026 Budget Statement in the Income Tax Act 1947 (the ITA), and to make certain other amendments to the ITA. The Bill also seeks to amend the Multinational Enterprise (Minimum Tax) Act 2024 (the MMTA), primarily to implement the Side-by-Side Safe Harbour, which is part of the Side-by-Side package as approved by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in January 2026, and the Global Anti-Base Erosion Information Return exchange framework. Other amendments sought to be made to the MMTA include empowering the Minister to grant exemptions from the duty to furnish returns for multinational enterprise top-up tax (MTT) and domestic top-up tax (DTT), and make regulations to prescribe the circumstances where the financial accounting net income or loss (FANIL) for a financial year for DTT purposes of a constituent entity of an MNE group located in Singapore is its net income or loss as per its financial statements.

Next, the Bill seeks to make amendments to the Goods and Services Tax Act 1993 and the Property Tax Act 1960 that are related to an amendment to the ITA. Finally, the Bill seeks to make a technical amendment to the Economic Expansion Incentives (Relief from Income Tax) Act 1967.

Clause 1 relates to the short title and commencement.

PART 1

AMENDMENT OF INCOME TAX ACT 1947

Part 1 contains amendments to the ITA.

Clause 2 amends section 2A (Purpose of Act) to provide that the new section 92M (corporate tax rebate for year of assessment 2026) (as inserted by clause 31) applies to the tax imposed under the ITA and not the taxes imposed under the MMTA.

Clause 3 amends subsection (4)(*a*) of section 10 (Charge of income tax) which provides that a part of the balancing charge for a Singapore ship owned by an entity given an exemption for certain shipping incomes, is not to be treated as chargeable income. The amendment extends subsection (4)(*a*) to a Singapore ship owned by an approved international shipping enterprise as defined in section 13E. This amendment is consequential on the amendment to section 13E (by clause 6), and takes effect from the year of assessment 2027.

Clause 4 amends section 13 (Exempt income) to exempt from tax any subsidy, allowance or benefit provided by an employer to an employee for the attendance by the employee's child at an early childhood development centre that is operated by or on behalf of the Government, i.e., Ministry of Education Kindergartens. This amendment takes effect from the year of assessment 2027.

Next, clause 4 amends section 13 to extend by 5 years (till 31 December 2031) the last date on which a contract for a structured product offered by a financial institution must take effect for the tax exemption under subsection (1)(*zj*) to apply to income from that structured product derived in Singapore by a non-resident person who is not an individual. It also extends (in a case where such contract is renewed, extended or varied) the last date (till 31 December 2031) on which the renewal, extension or variation must take effect for the tax exemption to apply to such income.

Finally, clause 4 amends section 13 to exempt from tax any contribution to a CPF account of an individual, and any cash payment made to an individual, made by the Government under the ComLink+ Package for Employment, as part of the public scheme known as the ComLink+ Progress Packages. The exemption applies to any such contribution and cash payment that is made on or after 1 May 2025.

Clause 5 amends section 13A (Exemption of shipping profits) to exclude the application of the tax exemption under that section to income derived by an approved international shipping enterprise from the operation of Singapore ships and certain other activities with effect from the year of assessment 2027. This amendment complements the new section 13E(1AE) (inserted by clause 6(*d*)), so that section 13E applies to such income derived by an approved international shipping enterprise.

Clause 5 also deletes the obsolete provisions in section 13A.

Clause 6 amends section 13E (Exemption of international shipping profits) to insert a new subsection (1AE) which extends the tax exemption under that section to income derived by an approved international shipping enterprise as described in section 13A(1), (1B), (1CA), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) and (1CL). The amendment is made so that such income derived by an approved international shipping enterprise is exempt from tax under section 13E instead of under section 13A.

Next, clause 6 amends section 13E to deal with a case where an approved international shipping enterprise (*X*) had previously derived any income as described in section 13A(1), (1CE) and (1CH) in respect of a ship that was exempt from tax under section 13A, and *X* derives any income in respect of that ship that is exempt from tax under section 13E in the year of assessment 2027 or a subsequent year of assessment. The capital allowances in respect of that ship for that first year of assessment that are to be taken into account under subsection (3) in determining *X*'s exempt income under section 13E for that year of assessment, are to be calculated on the residue of expenditure or reducing value of the assets, after taking into account the capital allowances for each year of assessment in which section 13A had applied, even if no claim for such capital allowances had been made by *X*.

Lastly, clause 6 deletes obsolete provisions in section 13E.

Clause 7 amends section 13R (Exemption of income of not-for-profit organisation) to extend for a period of 5 years (till 31 December 2032) the last date on which a not-for-profit organisation may be approved for the purpose of the tax incentive under that section.

Clause 8 amends section 14B (Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions, maintenance of overseas trade office, or electronic commerce) to insert a new subsection (2AE) which removes the requirement that a firm or company be approved to be allowed a double tax deduction in respect of certain expenses that are incurred for the provision of services in connection with the use of any right under a master franchise or master intellectual property licence. Such expenses must be incurred during the period between the first day of the basis period for the year of assessment 2027 and 31 December 2030 (both dates inclusive).

Next, clause 8 amends section 14B to provide, in the new subsections (2AF) and (2AG), that an unapproved firm or company that is resident in Singapore or that has a permanent establishment in Singapore, is allowed a further deduction in respect of certain expenses incurred during the period mentioned in the previous paragraph. These expenses include certain expenses incurred in relation to an overseas trade mission or trade promotion activity, expenses for market feasibility research and expenses to engage a consultant for overseas business development, falling within descriptions set out in rules made under section 7.

Next, clause 8 amends section 14B(2B) to provide for a new cap of $400,000 on expenditure, for which a deduction may be allowed under subsections (2A), (2AA) and (2AB) and the new subsections (2AE) and (2AF) and section 14H(1A) (as amended by clause 9) to an unapproved firm or company, beginning from the year of assessment 2027. Finally, clause 8 makes edits to section 14B(2AB) and (2AC) to clarify their application.

Clause 9 amends section 14H (Further or double deduction for overseas investment development expenditure) to provide that a firm or company that incurs certain investment development expenditure prescribed by rules made under section 7 during the period between the first day of the basis period for the year of assessment 2027 and 31 December 2030 (both dates inclusive) is allowed a deduction for that expenditure, without the need for the firm or company to be approved.

Clause 9 also amends section 14H to provide for a new cap of $400,000 on expenditure for which a deduction may be allowed under subsection (1A), section 14B(2A), (2AA) and (2AB) and the new section 14B(2AE) and (2AF) to an unapproved firm or company, beginning from the year of assessment 2027.

Clause 10 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 14ZK by clause 13(1).

Clause 11 amends section 14Z (Deduction for expenditure for services or secondment to institutions of a public character) which allows a taxpayer whose employees provided services to, or were seconded to, an institution of a public character (an IPC), to claim a deduction for any qualifying expenditure thereby incurred. The amendment extends by 3 years (till 31 December 2029) the period in which such qualifying expenditure may be incurred to be allowed a deduction under section 14Z(1). The maximum amount of qualifying expenditure for which a deduction may be allowed in relation to each IPC remains unchanged at $100,000 for each year of extension.

Clause 12 amends section 14ZH (Deduction for expenditure incurred in deriving income from providing delivery services) to provide that the maximum amount of gross income derived by a qualifying individual from performing delivery services by prescribed means in order for the tax treatment under that section to apply (which is currently fixed at $50,000 per basis period) may be changed by rules made under section 7.

Clause 13 inserts new sections 14ZK (Deduction for qualifying AI expenditure for years of assessment 2027 and 2028) and 14ZL (Deduction for expenditure incurred in deriving income from any trade, business, profession or vocation).

The new section 14ZK allows a deduction for qualifying AI expenditure incurred by a person carrying on a trade or business during the basis period for the year of assessment 2027 or 2028. The deduction to be allowed is calculated by applying a multiplier (300% or 400%) to the lower of $50,000 and the amount of the qualifying AI expenditure incurred by the person during the basis period for that year of assessment.

Qualifying AI expenditure is defined in the new section 14ZK(2) as expenditure incurred on —

(*a*) the subscription to, or licensing from another person of, an AI system; or

(*b*) the subscription to, or acquisition or licensing from another person of, a qualifying AI business service.

However, any expenditure incurred on physical infrastructure or hardware is not qualifying AI expenditure.

The new section 14ZK(3) and (4) provides for the deductions allowable in cases where qualifying AI expenditure is incurred by an individual through 2 or more firms (excluding a partnership) and by a partnership, respectively.

The new section 14ZK(5) and (6) provides that if a person incurs a single expenditure part of which is not qualifying AI expenditure, and the person is unable, despite reasonable efforts, to obtain evidence as to which part of that expenditure is qualifying AI expenditure, the person must apportion the expenditure between qualifying AI expenditure and other expenditure in a reasonable manner. This may occur if for example, a person subscribes to a software suite that bundles a software with AI capabilities (such as predictive analysis) with another software without AI capabilities, and incurs a single subscription fee which does not provide a breakdown of the fee that is payable for each software. The person would have to apportion the subscription fee incurred when claiming a deduction under the new section 14ZK. The Comptroller may substitute a different apportionment based on his or her best judgment if he or she is not satisfied that it is reasonable in the circumstances.

The new section 14ZK(7) and (9) excludes certain expenditure incurred by a person from being allowed a deduction under the section, e.g., where an allowance under section 19 or 19A has been made in a previous year of assessment to the person in respect of the same AI system.

Under the new section 14ZK(8), any qualifying AI expenditure incurred by a person before the commencement of the person's trade or business is treated as having been incurred on the date of commencement of that trade or business.

The new section 14ZL enables an individual who derives in a basis period chargeable income from one or more trades, businesses, professions or vocations (other than one to which section 14ZA, 14ZB or 14ZH applies), to claim a deduction for outgoings and expenses incurred of an amount that is determined by a prescribed formula, instead of the actual amount. This only applies if there are deductible outgoings and expenses for the income.

The application of the new tax treatment is subject to the following:

(*a*) the tax treatment does not apply to income derived by the individual as a partner in a partnership;

(*b*) the tax treatment does not apply to any income derived from any particular trade, business, profession or vocation if the gross amount of the income exceeds $50,000 or any other prescribed amount for the basis period;

(*c*) the individual may elect to disapply the tax treatment to his or her income derived in the basis period of a particular year of assessment. The election must be in respect of all of (and not only part of) the individual's income from his or her trade, business, profession or vocation. However, if the individual derives income from more than one trade, business, profession or vocation, he or she may make the election in respect of any one or more of those trades, businesses, professions or vocations.

Clause 14 amends section 15 (Deductions not allowed) to allow a deduction for any payment made on or after 1 January 2026 by a platform operator on behalf of its platform worker to his or her CPF medisave account, where that payment constitutes a voluntary contribution under section 13B of the Central Provident Fund Act 1953. This amendment has effect for the year of assessment 2027 and subsequent years of assessment.

Next, clause 14 makes a consequential amendment to section 15 arising from the new section 14ZK (inserted by clause 13(1)).

Clause 15 amends subsection (9) of section 34G (Modification of provisions for companies redomiciled in Singapore) to allow a redomiciled company (defined in section 34G(1)) to claim a deduction under the new section 14ZK (inserted by clause 13(1)) for qualifying AI expenditure incurred before the date of its registration under the Companies Act 1967 only if the expenditure was incurred for the purposes of a trade or business in Singapore, and the company had not carried on such trade or business outside Singapore before its registration date.

Clause 16 amends section 36B (Registered business trusts) to modify the application of the new section 92M (as inserted by clause 31) to a registered business trust, by replacing the definitions of "employee" and "local employee" in the new section 92M(7) with another definition of "local employee", being a Singapore citizen or Singapore permanent resident who (among other requirements) is an employee and on the payroll of the trustee-manager of the business trust in any part of 2025, and whose sole duty is to assist in managing and operating the business trust.

Clause 17 amends section 37 (Assessable income) to provide that where a body of persons has income subject to tax at different rates of tax for any year of assessment, the Comptroller must apportion the amount of qualifying donations under subsection (3)(*b*), (*c*) or (*f*) among the different rates of tax in a manner that the Comptroller considers reasonable. This amendment takes effect from the year of assessment 2027.

Next, clause 17 amends section 37 to extend by 3 years (till 31 December 2029) the period within which a qualifying donation made by a person under section 37(3)(*b*), (*c*), (*e*) and (*f*) is entitled to a deduction of 2.5 times the amount or value of the donation.

Next, clause 17 deletes section 37(3)(*d*) and (3K) as those provisions are obsolete, and makes consequential amendments to other provisions in section 37.

Clause 18 amends section 37A (Adjustment of capital allowances, losses or donations between income subject to tax at different rates) which provides that the deduction of any unabsorbed allowances, losses or donations (UALD) in respect of any income that is subject to tax at one rate against any income that is subject to tax at a different rate, is to be made in accordance with that section. The amount of UALD that is deductible against chargeable income subject to tax at the higher or lower rate is to be reduced by the application of an “adjustment factor”. The amendment extends section 37A(4), which provides for the manner of deduction of any UALD relating to income of a company that is subject to a lower rate of tax against income that is subject to a higher rate of tax, to a body of persons. Section 37A(7), which applies the treatment in section 37A(4) to a case where a company ceases to derive such income subject to the lower rate of tax during a basis period, is also amended to extend the treatment to a body of persons.

Next, clause 18 deletes the reference in section 37A(10) to section 37(3)(*d*) which is deleted by clause 17(*b*).

Clauses 19, 20 and 21 amend sections 37AA, 37AB and 37B, respectively, to delete references in those sections to section 37(3)(*d*), which is deleted by clause 17(*b*).

Clause 22 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 14ZK (inserted by clause 13(1)).

Clause 23 amends subsection (2)(*ha*) of section 39 (Relief and deduction for resident individual) which allows a deduction for voluntary CPF contributions made by a resident individual who carried on a trade, business, profession or vocation. The clause corrects the provision so that the specified formula provides a cap on the deduction allowed in respect of such contributions rather than determine the amount of the deduction.

Clause 24 amends section 43E (Concessionary rate of tax for Finance and Treasury Centre) to extend by 5 years (till 31 December 2031) the last date on which a Finance and Treasury Centre may be approved as an approved Finance and Treasury Centre for the purposes of the tax incentive under that section.

Clause 25 amends section 43I (Concessionary rate of tax for global trading company and qualifying company) to introduce an expanded meaning of “commodities” to include environmental instruments, and to allow regulations prescribing descriptions of environmental instruments as prescribed commodities for the purposes of the tax incentive under that section to take effect from 13 February 2026. Examples of environmental instruments are environmental attribute certificates such as renewable energy certificates, fuel certificates and carbon credits.

Next, clause 25 amends section 43I to extend till 31 December 2031, the last date on which a global trading company may be approved for the purposes of the tax incentive under that section.

Clause 26 amends section 45I (Sections 45 and 45A not applicable to certain payments) which disapplies the withholding tax requirements in sections 45 and 45A to certain payments but only if specified events happen before a certain date.

The amendments extend by 5 years (till 31 December 2031) the date for the following:

(*a*) the date a payment is made by a bank, merchant bank, finance company or qualifying holder of a capital markets services licence of any income referred to in section 12(6), in a case where the contract under which the payment is made took effect, was extended or was renewed before 17 February 2012 or the debt security under which the payment is made was issued before 17 February 2012;

(*b*) the date a payment is made by a person approved for the purposes of section 45I of any income referred to in section 12(6), in a case where the contract under which the payment is made took effect, or was extended, renewed or varied before the date of approval of the person, or the debt security under which the payment is made was issued before that date;

(*c*) in a case where a payment of any income referred to in section 12(6) is made by a person mentioned in paragraph (*a*) or (*b*) under a contract, the last date by which the contract is to take effect;

(*d*) in a case where a payment of any income referred to in section 12(6) is made by a person mentioned in paragraph (*a*) or (*b*) under a contract that is extended, renewed or varied, the last date by which the extension, renewal or variation is to take effect;

(*e*) in a case where a payment of any income referred to in section 12(6) is made by a person mentioned in paragraph (*a*) or (*b*) under a debt security, the last date by which the debt security is to be issued.

Next, clause 26 makes editorial amendments by replacing each reference in section 45I to the date of publication in the *Gazette* of the Income Tax (Amendment) Act 2022 with the actual date, i.e., 4 November 2022.

Clause 27 amends section 50 (Tax credits) to provide that a written notice by a company to the Comptroller that an excessive amount of credit has been given to the company under an avoidance of double taxation arrangement must be given using the electronic service of the Inland Revenue Authority of Singapore (IRAS).

Clause 28 amends section 76 (Service of notices of assessment and revision of assessment) to provide that a company wishing to dispute its tax assessment must do so using the electronic service of IRAS.

Clause 29 amends section 80 (Hearing and disposal of appeals) so that the timeline for giving a notice of hearing to the parties to an appeal to the Board of Review, is amended from no later than 14 days before the hearing to no later than 35 days before the hearing.

Clause 30 amends section 81 (Appeals to General Division of High Court) to provide that an appeal against the decision of the Board of Review must be filed within 28 days after the decision, instead of 14 days as provided under the Rules of Court 2021, Order 20, Rule 3(2). The documents for an appeal must also be served on all interested parties within 28 days after the date of the Board's decision.

Clause 31 inserts a new section 92M (Remission of tax for companies for year of assessment 2026 and cash grant for companies) to introduce a 50% corporate tax rebate for the year of assessment 2026, as announced in the Government's 2026 Budget Statement, and enhanced in the Ministerial Statement on the Impact of the Middle East Situation on Singapore on 7 April 2026.

The new section 92M(1) provides for a corporate tax rebate for the year of assessment 2026. The rebate is 50% of the tax payable (less a cash grant of $2,000 made under the new section) or $40,000 (less the cash grant), whichever is lower. If 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 92M(3) 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 92M(7)) in the calendar year 2025, in accordance with regulation 2(1) of the Central Provident Fund Regulations 1987. However, a company does not qualify for the cash grant if, at the time of disbursement, it is not carrying on a trade or business (including the activity of holding any investments), it is in liquidation, it is in receivership in respect of all of its properties, or it has ceased to exist.

According to regulation 2(1) of the Central Provident Fund Regulations 1987, all contributions payable by an employer under section 7(1) of the Central Provident Fund Act 1953 must be paid to the CPF Board not later than 14 days after the end of the month in respect of which the contributions are payable. The new section 92M(5) enables the Comptroller to waive such requirement in the case of a late CPF contribution if the Comptroller is satisfied that it is just and equitable to do so.

Clause 32 amends section 93A (Relief in respect of error or mistake) to provide that a company making an application for relief for excessive tax assessment, etc., must do so using the electronic service of IRAS.

Clause 33 amends section 107 (Variable capital companies or VCCs) to apply subsection (11) (which provides that VCCs are not allowed certain deductions) to deductions allowed under the new section 14ZK (inserted by clause 13(1)).

Next, clause 33 amends section 107(28A) to apply the new section 92M (as inserted by clause 31) to a VCC with a modification, namely the replacement of the definitions of "employee" and "local employee" in the new section 92M(7) with a definition of "local employee" which means a Singapore citizen or Singapore permanent resident who (among other requirements) is an employee of the VCC and on its payroll for any part of 2025.

Clause 34 amends Part 3 of the Third Schedule to provide that a notice by an umbrella VCC to the Comptroller that an excessive amount of credit (attributable to a sub-fund) has been given to it under an avoidance of double taxation arrangement, must be given using the electronic service of IRAS.

Clause 35 amends the Fourth Schedule to insert section 13V (Exemption of certain income of prescribed sovereign fund entity, approved foreign government-owned entity, and prescribed or approved international organisation) as a prescribed section for the purposes of section 105R (Revocation of approval). Section 105R empowers an approving authority to revoke the approval of a taxpayer or a matter for a tax incentive under a section prescribed in the Fourth Schedule in the event of a breach of a condition of the approval.

PART 2

AMENDMENT OF MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

Part 2 contains amendments to the MMTA.

Clause 36 amends the definition of "GIR" or "GloBE information return" in section 2 (Interpretation) to include as a GIR, an equivalent return made in a foreign jurisdiction for the purposes of a qualified UTPR (Undertaxed Profits Rule), qualified domestic minimum top-up tax, MTT or DTT (as defined in section 2(1)). The reason for this is because a return made by the filing entity of a registered MNE group in a foreign jurisdiction may be for the purposes of such matters, other than a qualified IIR (as defined in section 2(1)).

Clause 37 replaces subsection (3) of section 9 (Currency) to provide that calculations are to be carried out in Singapore dollar for the purpose of Part 3 of the MMTA (DTT) in relation to an MNE group or a constituent entity of the MNE group, if each constituent entity located in Singapore has a FANIL as specified in the replacement paragraph 6(14) of the First Schedule (see clause 50), and uses Singapore dollar as its functional currency in preparing its financial statements. The clause also replaces subsection (4) of section 9 to provide a corresponding rule in relation to a standalone JV located in Singapore or each entity of a JV group located in Singapore. The existing section 9(3) reproduces the circumstances in the existing paragraph 6(14) of the First Schedule (for determining the FANIL for DTT purposes). As those circumstances will be prescribed in regulations in the replacement paragraph 6(14) under clause 50, consequential amendments to section 9 are required.

Clause 38 amends section 20 (GloBE Safe Harbours) to include, as entities of an MNE group eligible for a GloBE Safe Harbour, a stateless entity (as defined in paragraph 10 of the First Schedule). This amendment will allow the new Side-by-Side Safe Harbour, which is part of the Side-by-Side package approved by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in January 2026, and will be provided for in the regulations, to apply to stateless entities. This amendment takes effect from 1 January 2026.

Clause 39 replaces subsection (7) of section 30 (Top-up amounts of constituent entities) to provide that the replacement paragraph 6(14) of the First Schedule (see clause 50) applies (with modifications) for the purposes of determining the top-up amount for a financial year of a standalone JV located in Singapore, or each entity of a JV group located in Singapore, that is treated as a constituent entity of an MNE group located in Singapore.

Clauses 40 and 41 amend section 31(2)(*h*) and (4)(*c*) and section 32(3)(*b*), respectively, to clarify that the filing (or intended filing) of a GloBE information return (GIR) by a filing entity of a registered MNE group with a competent authority in a jurisdiction outside Singapore (as referred to in those provisions) is not pursuant to a qualifying competent authority agreement. The obligation to file the GIR in a jurisdiction outside Singapore arises from the domestic laws of that jurisdiction.

Clause 42 amends section 40 (GloBE information return) which requires the designated local GIR filing entity of a registered MNE group to file with the Comptroller a GIR. No GIR needs to be filed if one has been filed with a competent authority of a foreign jurisdiction with which the competent authority of Singapore has a qualifying competent authority agreement. The amendment introduces a new section 40(4A) to provide that if the Comptroller does not receive that GIR within the time stipulated in that agreement, the Comptroller may require the designated local GIR filing entity of the registered MNE group to file the GIR for that financial year within a specified time. The designated local GIR filing entity must comply with the requirement, failing which it commits an offence under section 66 (Failure to file GloBE information return and notice) as amended by clause 46.

Clause 42 also amends section 40 for the same purpose as the amendments to sections 31 and 32 (by clauses 40 and 41, respectively). Finally, clause 42 amends section 40(5) to include a reference to a GIR filed under the new section 40(4A).

Clause 43 amends section 41 (Returns of MTT) to empower the Minister to make an order to exempt the responsible members of registered MNE groups of a specified class, or a responsible member of a registered MNE group, from furnishing a return for MTT with effect from a specified financial year.

Clause 44 similarly amends section 43 (Returns of DTT) to empower the Minister to make an order to exempt the designated local DTT filing entities of registered MNE groups of a specified class, or a designated local DTT filing entity of a registered MNE group, from furnishing a return for DTT with effect from a specified financial year.

Clause 45 amends section 55 (Appeals to General Division of High Court) for the same purpose as the amendment to section 81 of the ITA (by clause 30), viz., to provide that an appeal against a decision of the Board of Review referred to in section 54(1) of the MMTA must be filed, and service of the appeal documents must be effected, within 28 days after the date of the Board's decision.

Clause 46 amends section 66 (Failure to file GloBE information return and notice) to provide that a failure to comply with the new section 40(4A) (inserted by clause 42(*b*)) constitutes an offence.

Clause 47 amends section 67 (Penalty for information in GloBE information return or notice known to be false or misleading) to provide that any person who produces or provides to the Comptroller any document or information in purported compliance with the new section 40(4A) (inserted by clause 42(*b*)) commits an offence.

Clause 48 amends section 83 (Application of other ITA provisions) to provide that the secrecy obligation under section 6 of the ITA (as applied by section 83 of the MMTA) does not prevent the disclosure of information to the competent authority of a jurisdiction with whom Singapore has an active exchange relationship as defined by the Multilateral Competent Authority Agreement on the Exchange of GloBE Information (MCAA), for the purpose of discharging Singapore's obligations under the MCAA.

Clause 49 amends section 84 (Regulations) to empower the Minister to make regulations for the purposes of implementing Singapore's obligations under the MCAA. Such regulations may apply in relation to any information contained in a GIR of a registered MNE group filed under section 40(1) for any of its financial years beginning on or after 1 January 2025, or a subsequent financial year.

Next, clause 49 amends section 84 to provide that regulations made under section 84(1)(*l*) to provide for matters relating to the GloBE Safe Harbours 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. This amendment will allow the new Side-by-Side Safe Harbour (to be provided for in the regulations) to refer to the prescribed Internet website of the OECD to determine whether a jurisdiction's tax regime is a qualified side-by-side regime for the purpose of the safe harbour.

Finally, clause 49 amends section 84 to allow regulations to be made for the purposes of the replacement section 30(7) (see clause 39), and the replacement paragraph 6(14) of the First Schedule (including that paragraph as applied by sections 9(3) and (4) and 30(7) (see clause 50)) to apply in relation to each financial year of an MNE group beginning on or after 1 January 2025.

Clause 50 amends the First Schedule (Definitions for other expressions) to provide that in circumstances to be set out in regulations, the FANIL (for the purposes of Part 3 of the MMTA) for a financial year specified in those regulations of each constituent entity of an MNE group located in Singapore, is the net income or loss determined for that constituent entity in its financial statements.

PART 3

RELATED AMENDMENTS TO GOODS AND SERVICES TAX ACT 1993

Clause 51 amends subsection (1)(*b*) of section 52 (Hearing and disposal of appeals) of the Goods and Services Tax Act 1993 for the same purpose as the amendment to section 80 of the ITA (by clause 29), viz., to provide that the timeline for giving a notice of hearing of an appeal to the Goods and Services Tax Board of Review, is no later than 35 days before the hearing.

Clause 52 amends section 54 (Appeals to General Division of High Court) of the Goods and Services Tax Act 1993 for the same purpose as the amendment to section 81 of the ITA (by clause 30), viz., to provide that an appeal against a decision of the Goods and Services Tax Board of Review must be filed, and service of the appeal documents must be effected, within 28 days after the date of the Board's decision.

PART 4

RELATED AMENDMENTS TO PROPERTY TAX ACT 1960

Clause 53 amends subsection (1)(*b*) of section 32 (Hearing of appeals) of the Property Tax Act 1960 for the same purpose as the amendment to section 80 of the ITA (by clause 29) and section 52(1)(*b*) of the Goods and Services Tax Act 1993 (by clause 51).

Clause 54 amends section 35 (Appeals to General Division of High Court) of the Property Tax Act 1960 to provide that an appeal against a decision of the Valuation Review Board must be filed within 28 days after the decision, instead of 21 days. The service of the appeal documents must also be effected within 28 days after the date of the Board's decision.

PART 5

AMENDMENT OF ECONOMIC EXPANSION INCENTIVES (RELIEF FROM INCOME TAX) ACT 1967

Clause 55 amends section 49 (No investment allowance for certain expenditure) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 to disallow any investment allowance under Part 8 for any fixed capital expenditure incurred on the acquisition of any know-how, etc., if an allowance has been claimed under section 19B(1AD) of the ITA.

PART 6

SAVING AND TRANSITIONAL PROVISIONS

Clause 56 contains saving and transitional provisions for the amendments to sections 80 and 81 of the ITA and the corresponding related amendments to the MMTA, the Goods and Services Tax Act 1993 and the Property Tax Act 1960.

Clause 56 also enables the Minister, for a period of 2 years after the publication in the *Gazette* of the Finance (Income Taxes) Act 2026, 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.