ANNEX E: TAX CHANGES

Tax Changes for Vehicles

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><th colspan="4">Restructuring of Diesel Taxes</th></tr>
<tr><td>1.</td><td>Restructure Diesel Taxes</td><td>Currently, an excise duty of $0.10 per litre is imposed on diesel fuel conforming to the standard for sulphur for such diesel fuel specified in Part 1 of the Eighth Schedule to the Environmental Protection and Management (Vehicular Emissions) Regulations (Cap 94A, Rg 6).

There is also a lump sum special tax on diesel cars and taxis.

<u>Diesel Cars</u>
<table>
<tr><th>Emission Standard</th><th>Special Tax Rate (every six months)</th></tr>
<tr><td>Pre-Euro IV compliant</td><td>6 times the Road Tax of an equivalent petrol-driven car less $50</td></tr>
</table></td><td>With effect from 18 February 2019, the excise duty on diesel fuel will be increased to $0.20 per litre.[1]

The annual special tax will be permanently reduced for diesel cars and taxis by $100 and $850 respectively.

<u>Diesel Cars</u>
<table>
<tr><th>Emission Standard</th><th>Special Tax Rate (every six months)</th></tr>
<tr><td>Pre-Euro IV compliant</td><td>6 times the Road Tax of an equivalent petrol-driven car less $100</td></tr>
</table></td></tr>
</table>

[1] The excise duty will be imposed on the diesel component of biodiesel. Worked example of duty levied on biodiesel:
B20 biodiesel contains 20% biodiesel and 80% diesel. For one litre of B20 biodiesel, the tax levied will be $0.20/litre * 1 litre * 80% = $0.16.

<table>
<tr>
<td></td>
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<table>
<tr><td>Euro IV compliant</td><td>$0.625 per cc, less $50, subject to a minimum payment of $575</td></tr>
<tr><td>Euro V or JPN2009 compliant</td><td>$0.20 per cc, less $50, subject to a minimum payment of $150</td></tr>
</table>

<u>Diesel Taxis</u>
$2,125 every 6 months
</td>
<td>
<table>
<tr><td>Euro IV compliant</td><td>$0.625 per cc, less $100, subject to a minimum payment of $525</td></tr>
<tr><td>Euro V or JPN2009 compliant</td><td>$0.20 per cc, less $100, subject to a minimum payment of $100</td></tr>
</table>

<u>Diesel Taxis</u>
$1,700 every 6 months

Vehicle owners will continue to receive their road tax payment notice (including the special tax payable) based on the existing rates until end-June 2019. For owners paying the special tax based on the existing rates until end-June 2019, as well as those who have already paid the special tax for the period beyond 18 February 2019, the excess special tax paid will be used to offset the amount payable at the next road tax renewal. If the vehicle is transferred to another owner before its next road tax renewal, the excess special tax paid will be offset against the
</td>
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</table>

			transfer fee payable, and any remaining excess special tax paid will accrue to the new registered owner.
2.	Offset measures for commercial diesel vehicles	At Budget 2017, three years of road tax rebates were provided for commercial diesel vehicles: • 1 August 2017 – 31 July 2018: 100% Road Tax Rebate • 1 August 2018 – 31 July 2019: 75% Road Tax Rebate • 1 August 2019 – 31 July 2020: 25% Road Tax Rebate	To cushion the impact of the increase in diesel duty in Budget 2019, three years of road tax rebates will be provided for commercial diesel vehicles: • 1 August 2019 – 31 July 2020: 100% Road Tax Rebate • 1 August 2020 – 31 July 2021: 75% Road Tax Rebate • 1 August 2021 – 31 July 2022: 50% Road Tax Rebate The new road tax rebate of 100% for 1 August 2019 – 31 July 2020 will supersede the road tax rebate of 25% announced at Budget 2017.
3.		At Budget 2017, in addition to the three-year road tax rebates, three years of cash grants were provided for diesel school buses: • 1 August 2017 – 31 July 2018: $1,400 • 1 August 2018 – 31 July 2019: $700	In addition to the three-year road tax rebates, diesel school buses will be given yearly cash grants to ease the impact of diesel duty on school bus fees: • 1 August 2019 – 31 July 2020: $1,600 • 1 August 2020 – 31 July 2021: $800

		• 1 August 2019 – 31 July 2020: $350	• 1 August 2021 – 31 July 2022: $400 The new cash grant for 1 August 2019 – 31 July 2020 will supersede the cash grant of $350 announced at Budget 2017. The cash grants will be disbursed by LTA every six months.
4.		At Budget 2017, in addition to the three-year road tax rebates, three years of cash grants were provided for eligible diesel private hire and excursion buses that ferry students: • 1 August 2017 – 31 July 2018: up to $1,500 • 1 August 2018 – 31 July 2019: up to $800 • 1 August 2019 – 31 July 2020: up to $450 To be eligible for the cash grants, these buses must have ferried students	In addition to the three-year road tax rebates, eligible diesel private hire and excursion buses that ferry students will also be given cash grants to ease the impact of diesel duty on school bus fees: • 1 August 2019 – 31 July 2020: up to $1,800 • 1 August 2020 – 31 July 2021: up to $900 • 1 August 2021 – 31 July 2022: up to $500 The new cash grant for 1 August 2019 – 31 July 2020 will supersede the cash grant of up to $450 announced at Budget 2017. To be eligible for the cash grants, these buses must have ferried students continuously for

		continuously for at least six months. The cash grants will be pro-rated based on the number of days these buses have ferried students in the respective time period. The cash rebates will be disbursed by LTA when the buses' road tax is renewed.	at least six months. The cash grants will be pro-rated based on the number of days these buses have ferried students in the respective time period. The cash rebates will be disbursed by LTA when the buses' road tax is renewed.

Tax Changes for Individuals

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
Bicentennial Bonus			
1.	Personal Income Tax Rebate for resident individual taxpayers for Year of Assessment ("YA") 2019	There is no Personal Income Tax Rebate.	As part of the Bicentennial Bonus, a Personal Income Tax Rebate of 50% of tax payable will be granted to all tax resident individuals for YA 2019 (i.e. for income earned in 2018). The rebate will be capped at $200 per taxpayer.
Enhancing Progressivity and Resilience of Our Tax System			
2.	Tighten the GST Import Relief for Travellers	Travellers[2] who spend less than 48 hours outside Singapore get GST import relief for the first $150 value of goods bought overseas[3]. Travellers who spend at least 48 hours outside Singapore get GST import relief for the first $600 of the value of goods bought overseas.	To ensure that our tax system continues to remain resilient amidst rising international travel, we have revised the quantum of GST import relief for travellers. Travellers who spend less than 48 hours outside Singapore will get GST import relief for the first $100 (instead of $150 currently) of the value of goods bought overseas. Travellers who spend at least 48 hours outside Singapore will get GST import relief for the first $500 (instead of

[2] The relief is applicable to Singapore Citizens, Singapore Permanent Residents and tourists, but is not applicable for crew members and holders of a work permit, employment pass, student's pass, dependant's pass, or long term pass issued by the Singapore Government.
[3] The relief does not apply to intoxicating liquor and tobacco, as well as goods imported for commercial purposes.

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><td></td><td></td><td></td><td>$600 currently) of the value of goods bought overseas.

<table><tr><th>Time spent outside Singapore</th><th>Value of goods granted GST relief</th></tr><tr><td>48 hours and above</td><td>$500 (down from the current $600)</td></tr><tr><td>Less than 48 hours</td><td>$100 (down from the current $150)</td></tr></table>
This will take effect for travellers arriving in Singapore from 12.00 am, 19 February 2019.</td></tr>
<tr><td>3.</td><td>Tighten the Duty-Free Allowance for Liquor Products</td><td>Travellers have three litres of duty-free allowance that can be used in the following ways:

<table><tr><th>Option</th><th>Spirits</th><th>Wine</th><th>Beer</th></tr><tr><td>A</td><td>1 litre</td><td>1 litre</td><td>1 litre</td></tr><tr><td>B</td><td>-</td><td>2 litres</td><td>1 litre</td></tr><tr><td>C</td><td>-</td><td>1 litre</td><td>2 litres</td></tr></table></td><td>The total duty-free allowance will be two litres, with the maximum duty-free allowance for spirits remaining at one litre. This will take effect on and after 1 April 2019.

The revised duty-free allowance options are as follows:</td></tr>
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<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><td></td><td></td><td>The duty-free allowance will only be provided if <u>all</u> conditions are fulfilled:
• Traveller is 18 years old and above;
• Traveller spent 48 hours or more outside Singapore immediately before arrival;
• Traveller is <u>not</u> arriving from Malaysia;
• The liquor is for traveller’s own consumption; and
• The liquor is not prohibited from import to Singapore.</td><td><table>
<tr><th>Option</th><th>Spirits</th><th>Wine</th><th>Beer</th></tr>
<tr><td>1</td><td>1 litre</td><td>1 litre</td><td>-</td></tr>
<tr><td>2</td><td>1 litre</td><td>-</td><td>1 litre</td></tr>
<tr><td>3</td><td>-</td><td>1 litre</td><td>1 litre</td></tr>
<tr><td>4</td><td>-</td><td>2 litres</td><td>-</td></tr>
<tr><td>5</td><td>-</td><td>-</td><td>2 litres</td></tr>
</table>
All the conditions for the provision of duty-free allowance remain unchanged.</td></tr>
<tr><td>4.</td><td>Allow resident individual taxpayers to claim Grandparent Caregiver Relief in respect of a handicapped and unmarried dependent child, regardless of the child’s age</td><td>Working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law to take care of their young children may claim Grandparent Caregiver Relief, subject to conditions. One of the conditions is that the child has to be 12 years old or below during the year preceding the YA of claim.</td><td>To provide greater support and recognition to working mothers with handicapped and unmarried dependent children, we will allow taxpayers to claim Grandparent Caregiver Relief in respect of a handicapped and unmarried dependent child[4], regardless of the child’s age, if they have met all other conditions. This will take effect from YA 2020 (i.e. for income earned in 2019).</td></tr>
</table>

[4] Incapacitated by reason of physical or mental infirmity.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
5.	Lapse the Not Ordinarily Resident ("NOR") scheme	Under the scheme, an eligible individual granted NOR status for a five-year period may, subject to conditions, receive the following tax concessions: a) Time apportionment of Singapore employment income, whereby he/she would not be subject to tax on the portion of his/her Singapore employment income that corresponds to the number of days he/she has spent outside Singapore for business reasons pursuant to his/her Singapore employment. b) Tax exemption of his/her employer's contribution to a non-mandatory overseas pension or provident fund.	Access to global talent to complement our local talent is key to maintaining Singapore's competitiveness and driving our economic growth. The NOR scheme was introduced in Budget 2002 with the objective of attracting talent with regional and global responsibilities to relocate to Singapore. MOF periodically reviews the relevance of our tax schemes. The NOR scheme will lapse after YA 2020. The last such NOR status will be granted for YA 2020 and expire in YA 2024. Individuals who have been accorded the NOR status will continue to be granted NOR tax concessions until their NOR status expires, if they continue to meet the conditions of the concessions. Singapore will continue to build a conducive environment to attract and retain highly-skilled individuals. This includes a competitive tax regime, stable political, economic and social environment, strong regional connectivity, and high standards of healthcare, housing and education.

Tax Changes for Businesses

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
Making Innovation Pervasive and Scaling Up Businesses			
1.	Extend the Writing Down Allowance ("WDA") for acquisition of qualifying Intellectual Property Rights ("IPRs") under section 19B of the Income Tax Act ("ITA")	Under section 19B of the ITA, companies and partnerships are granted WDA on capital expenditure incurred in acquiring qualifying IPRs for use in its trade or business. The expenditure can be written down over five, 10 or 15 years. The qualifying IPRs are patents, trademarks, registered designs, copyrights, geographical indications, lay-out designs of integrated circuits, trade secrets or information that has commercial value, and grant of protection of plant varieties. The WDA is available for capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of the basis period for YA 2020.	In recognition that IPRs are important creators of value in a knowledge-based economy, the WDA under section 19B will be extended to cover capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of the basis period for YA 2025.
2.	Extend the 100% Investment Allowance ("IA") under the	In Budget 2016, an Automation Support Package was introduced for a period of three years to support companies to	To maintain support to companies in their automation, productivity and scale-up efforts, the 100% IA measure under the

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
	Automation Support Package	automate, drive productivity and scale up. The package includes 100% IA support on the amount of approved capital expenditure, net of grants, on projects approved by Enterprise Singapore during 1 April 2016 to 31 March 2019. The approved capital expenditure is capped at $10 million per project.	Automation Support Package will be extended by two years, for projects approved by Enterprise Singapore from 1 April 2019 to 31 March 2021. The approved capital expenditure will remain capped at $10 million per project.
Other Tax Changes			
3.	Extend the income tax concessions for Singapore-listed Real Estate Investment Trusts ("S-REITs")	A) S-REITs are granted tax transparency if their trustees distribute at least 90% of their taxable income to unitholders in the same year in which the income is derived by the trustee. B) S-REITs are granted the following income tax concessions: a) Tax exemption on S-REITs distributions received by individuals, excluding individuals who derive any distribution: i) through a partnership in Singapore; or ii) from the carrying on of a trade, business or profession;	To continue to promote the listing of REITs in Singapore and to strengthen Singapore's position as a REITs hub in Asia, the existing tax concessions for S-REITs will be extended till 31 December 2025. The sunset clause for the tax exemption on S-REITs distributions received by individuals will be removed. All other conditions for the income tax concessions remain the same. MAS will provide further details of the change by May 2019.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		b) Concessionary income tax rate of 10% for S-REITs distributions received by non-resident non-individual investors; and c) Tax exemption on qualifying foreign-sourced income (i.e. foreign-sourced dividend income, interest income, trust distributions and branch profits) received by S-REITs and wholly-owned Singapore resident subsidiary companies of S-REITs, that is paid out of qualifying income or gains in respect of overseas property acquired on or before 31 March 2020 by the trustee of the S-REITs or its wholly-owned Singapore resident subsidiary company. The income tax concessions at B) are scheduled to lapse after 31 March 2020.	

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
4.	Extend the income tax concessions for Singapore-listed Real Estate Investment Trusts Exchange-Traded Funds ("REITs ETFs")	REITs ETFs are granted the following income tax concessions: a) Tax transparency treatment on the distributions received by REITs ETFs from S-REITs, which are made out of the latter's specified income; b) Tax exemption on such REITs ETFs distributions received by individuals, excluding individuals who derive any distribution: i) through a partnership in Singapore; or ii) from the carrying on of a trade, business or profession; and c) 10% concessionary tax rate on such REITs ETFs distributions received by qualifying non-resident non-individuals. The income tax concessions are scheduled to lapse after 31 March 2020.	The existing tax treatment accorded to REITs ETFs will be extended till 31 December 2025. The sunset clause will be removed for the tax exemption on REITs ETFs distributions received by individuals. All other conditions for the income tax concessions remain the same. MAS will provide further details of the change by May 2019.
5.	Extend the GST remission for S-REITs and Singapore-listed	GST remission is granted to S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors, to	To continue facilitating the listing of S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
	Registered Business Trusts ("RBTs") in the infrastructure business, ship leasing and aircraft leasing sectors	allow them to claim GST on the following, subject to conditions: a) their business expenses, regardless of whether they hold underlying assets directly or indirectly through multi-tiered structures such as special purpose vehicles ("SPVs") or sub-trusts; b) their business expenses incurred to set up SPVs that are used solely to raise funds for the S-REITs or RBTs, and that do not hold qualifying assets of the S-REITs or RBTs, directly or indirectly; and c) business expenses of financing SPVs mentioned in (b). The GST remission is scheduled to lapse after 31 March 2020.	sectors, the existing GST remission will be extended till 31 December 2025. All conditions for the GST remission remain the same. MAS will provide further details of the change by May 2019.
6.	Extend and Refine Tax Incentive Schemes for Funds Managed by Singapore-based Fund	Qualifying Funds are granted the following tax concessions, subject to conditions: a) Tax exemption on specified income ("SI") derived from	To continue to grow Singapore's asset management industry, the tax concessions relating to Qualifying Funds will be extended till 31 December 2024.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
	Managers ("Qualifying Funds")	designated investments ("DI"); and b) Withholding tax exemption on interest and other qualifying payments made to non-resident persons (excluding permanent establishments in Singapore). Qualifying Funds comprise the following: a) Basic tier funds (sections 13CA and 13R schemes); and b) Enhanced tier funds (section 13X scheme) To qualify as a basic tier fund, a fund has to meet certain conditions, including not having 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons[5]. For enhanced tier funds approved as a collective structure, the master fund in the	The sections 13CA, 13R and 13X schemes will also be refined to keep the schemes relevant and to ease compliance burden. The key refinements are as follows: a) The condition that a basic tier fund must not have 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons will be removed; b) The enhanced tier fund scheme will be enhanced to (i) include co-investments, non-company SPVs and more than two tiers of SPVs, (ii) allow debt and credit funds to access the "committed capital concession", and (iii) include managed accounts[6]; c) The list of DI will be expanded by removing the counter-party and currency restrictions, and including investments such as credit facilities and advances, and Islamic financial products that are commercial equivalents of DI. The condition for

[5] "Singapore persons" is defined in the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations. It includes persons who are Singapore citizens, residents of Singapore or permanent establishments in Singapore.
[6] A managed account is a dedicated investment account where an investor places funds directly with a fund manager without using a separate fund vehicle.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		approved structure can have up to two tiers of SPVs. Such SPVs must be wholly-owned (directly or indirectly) by the master fund and can only take the form of companies. Separately, for real estate, infrastructure and private equity funds applying to be enhanced tier funds, the minimum fund size requirement to be met at the point of application may be determined based on the amount of committed capital ("committed capital concession"). The schemes for Qualifying Funds are scheduled to lapse after 31 March 2019.	unit trusts to wholly invest in DI will be removed; d) The list of SI will be enhanced to include income in the form of payments that fall within the ambit of section 12(6) of the ITA; and e) Qualifying non-resident funds under sections 13CA and 13X will be able to avail themselves of the 10% concessionary tax rate applicable to qualifying non-resident non-individuals when investing in S-REITs and REITs ETFs. The removal of condition in (a) will be effective from YA 2020[7]. The enhancements in (b) will apply on and after 19 February 2019. The enhancements in (c) and (d) will apply to income derived on and after 19 February 2019.

[7] Applicable from YA 2020 instead of on and after 19 February 2019, to avoid subjecting existing funds to two different set of conditions in the same basis period.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			The enhancements in (e) will apply to S-REITs and REITs ETFs distributions made during the period from 1 July 2019 to 31 December 2025. MAS will provide further details of the changes by May 2019.
7.	Recovery of GST for Qualifying Funds	As a concession, Qualifying Funds that are managed by prescribed fund managers in Singapore are allowed, by way of remission, to claim GST incurred on expenses at a fixed recovery rate. The concession is scheduled to lapse after 31 March 2019.	To further grow Singapore as a centre for fund management and administration, the concession will be extended till 31 December 2024. MAS will release further details of the change by May 2019.
8.	Lapse the Designated Unit Trust ("DUT") scheme	Under the DUT scheme, specified income derived by a unit trust with the DUT status is not taxed at the trustee level, but is taxable upon distribution in the hands of investors. Qualifying foreign investors and individuals[8] are exempt from tax on distributions made by a DUT.	Tax incentive schemes are reviewed regularly to ensure relevance. The DUT scheme will lapse after 31 March 2019. Funds in the form of unit trusts may apply for other tax incentives for funds.

[8] Unless such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		The DUT scheme is scheduled to lapse after 31 March 2019.	Existing DUTs will continue to receive the tax deferral benefits under the DUT scheme, on and after 1 April 2019, if they continue to meet all the conditions.
9.	Lapse the Approved Unit Trust ("AUT") scheme	Under the AUT scheme, the trustee is taxed on its investment income, and 10% of the gains derived from the disposal of securities. The remaining 90% of the gains from the disposal of securities are instead taxed in the hands of the unit holders when distributed. Tax exemption is allowed on such distribution if the unit holder is: a) an individual resident in Singapore; or b) a person who is not resident in Singapore and has no permanent establishment in Singapore.	Tax incentive schemes are reviewed regularly to ensure relevance. The AUT scheme will lapse after 18 February 2019. Existing AUTs will continue to receive the tax concession under the AUT scheme for a period of five years from YA 2020 to YA 2024. This will allow existing AUTs sufficient time to transit to alternative tax incentive schemes, where relevant.
10.	Lapse the Property Tax (Tourist Projects) Order	The Property Tax (Tourist Projects) Order was introduced on 1 January 1987, to promote tourism. Under the concession, the Minister may grant approval for new tourist projects to have their Annual Value computed based on 6% of the preceding	Schemes are reviewed regularly to ensure relevance. The Property Tax (Tourist Projects) Order will lapse after 18 February 2019.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		year's gross receipts, for the first five years from the completion of the buildings.	The Government remains supportive of the tourism industry, and has various schemes in place to support tourism projects which have clear economic benefits to Singapore.