

**BUDGET 2011**

**SECTOR-SPECIFIC TAX CHANGES FOR BUSINESSES**

Name of Tax Change	Current Treatment	New Treatment
<b>OTHER TAX CHANGE</b>		
<p>Enhancement of the Finance and Treasury Centre Incentive</p>	<p>The Finance and Treasury Centre Incentive (“FTC”) confers a concessionary tax rate of 10% on income derived from undertaking qualifying activities and providing qualifying services to approved network companies.</p> <p>To include associated companies located in Singapore as approved network companies of a FTC (such companies hereinafter known as local network companies or “LNCs”), the total annual revenue of these LNCs must not exceed 10% of the Group’s annual total revenue globally (hereinafter known as “revenue ratio”). The EDB determines this revenue ratio at the time of application and will review it subsequently at the mid-term of the FTC award tenure.</p>	<p>The revenue ratio used to determine the inclusion of LNCs will exclude related party transactions. This is consistent with the global revenue presented in the consolidated financial statements of the ultimate parent company where intercompany transactions are excluded. The alignment will result in a more accurate and meaningful indicator of the LNCs’ contribution towards the group revenue.</p> <p>A sunset clause will be introduced for the FTC Incentive – 31 March 2016. The sunset clause allows us to review schemes on a regular basis so as to ensure that they continue to be useful to the industry.</p> <p>All other existing conditions of the current concession apply.</p>