

Budget 2017

Tax Changes for Businesses

Name of Tax Change	Current Treatment	New Treatment
Other Tax Changes		
Extending and refining the Aircraft Leasing Scheme (“ALS”)	<p>Under the ALS, approved aircraft lessors and aircraft investment managers can enjoy the following tax benefits:</p> <p>(a) Approved aircraft lessors enjoy concessionary tax rate of 5% or 10% on income derived from the leasing of aircraft or aircraft engines and qualifying ancillary activities under Section 43Y of the ITA; and</p> <p>(b) Approved aircraft managers enjoy concessionary tax rate of 10% on income derived from managing the approved aircraft lessor and qualifying activities under Section 43Z of the ITA.</p> <p>Qualifying ancillary activities under Section 43Y of the ITA include incidental income derived from the provision of finance in the acquisition of any aircraft or aircraft engines by any airline company.</p>	<p>To continue encouraging the growth of the aircraft leasing sector in Singapore, the ALS will be extended and refined as follows:</p> <p>(a) The ALS will be extended till 31 December 2022;</p> <p>(b) The scope of qualifying ancillary activities for approved aircraft lessors under Section 43Y of the ITA will be updated to cover incidental income derived from the provision of finance in the acquisition of aircraft or aircraft engines by any lessee; and</p> <p>(c) The concessionary tax rate on income derived from leasing of aircraft or aircraft engines and qualifying ancillary activities will be streamlined from 5% and 10% to a single rate of 8%.</p>

	<p>In addition, automatic WHT exemption is granted on qualifying payments made by approved aircraft lessors to non-tax-residents (excluding a permanent establishment in Singapore) in respect of qualifying loans entered into on or before 31 March 2017 to finance the purchase of aircraft and aircraft engines, subject to conditions.</p> <p>The scheme is scheduled to lapse after 31 March 2017.</p>	<p>The enhancement for (b) will apply to income derived on or after 21 February 2017 for all incentive recipients.</p> <p>The refinement in (c) will apply to new or renewal incentive awards approved on or after 1 April 2017.</p> <p>In addition, the automatic withholding tax exemption regime will be extended to qualifying payments made on qualifying loans entered into on or before 31 December 2022.</p> <p>EDB will release further details of the change by May 2017.</p>
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