

Budget 2017

Tax Changes for Businesses

Name of Tax Change	Current Treatment	New Treatment
Simplifying and Rationalizing our Tax Regime		
Introducing an Intellectual Property (“IP”) Regime that encourages the exploitation of IP arising from research & development (“R&D”) activities of the taxpayer	Currently, the Pioneer-Services/Headquarters Incentive and the Development and Expansion Incentive-Services/Headquarters covers IP income if the IP income arises from qualifying activities.	<p>To encourage the use of IPs arising from taxpayer’s R&D activities, IP income will be incentivised under a new IP Regime named the IP Development Incentive (“IDI”). The IDI incorporates the BEPS-compliant modified nexus approach.</p> <p>Accordingly, such income will be removed from the scope of Pioneer–Services/Headquarters Incentive and the Development and Expansion Incentive-Services/Headquarters for new incentive awards approved on or after 1 July 2017. Existing incentive recipients will continue to have such income covered under their existing incentive awards till 30 June 2021.</p> <p>The IDI will take effect on or after 1 July 2017, and will be administered by EDB.</p> <p>EDB will release further details of the change by May 2017.</p>