

Budget 2016

Tax Changes for Businesses

Name of Tax Change	Current Treatment	New Treatment
Strengthening Singapore's Competitiveness as a Hub		
Extending and enhancing the Finance and Treasury Centre ("FTC") scheme	<p>The FTC scheme grants a concessionary tax rate of 10% on qualifying income derived by approved FTCs from qualifying activities or services.</p> <p>To qualify for the concessionary tax rate, funds from approved offices and associated companies must be obtained directly by the FTC.</p> <p>Tax exemption under Section 13(4) is also granted, subject to conditions, on prescribed payments made by the FTC to non-residents who are approved offices or associated companies of the FTC.</p> <p>The scheme is scheduled to lapse after 31 March 2016.</p>	<p>To enhance activities in the areas of finance and treasury, the FTC scheme will be extended till 31 March 2021 with the following enhancements:</p> <ul style="list-style-type: none"> a) The concessionary tax rate will be lowered to 8%. The substantive requirements to qualify for the scheme will be increased; b) To qualify for the concessionary tax rate, the FTCs will be allowed to obtain funds indirectly from approved offices and associated companies. Safeguards will be put in place to address the round-tripping risks; and c) The scope of tax exemption granted under Section 13(4) will be expanded to cover interest payments on deposits placed with the FTC by its non-resident approved offices and associated companies, provided the funds are used for the conduct of qualifying activities or services.

		<p>These changes will take effect from 25 March 2016.</p> <p>EDB will release further details of the change by June 2016.</p>
--	--	---