

**Newsletter**

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**Lennon Lee**

Tax Leader  
+65 8182 5220  
[lennon.kl.lee@pwc.com](mailto:lennon.kl.lee@pwc.com)

**Tan Ching Ne**

Corporate Tax Leader  
+65 9622 9826  
[ching.ne.tan@pwc.com](mailto:ching.ne.tan@pwc.com)

**Irene Tai**

Partner, Corporate Tax  
+65 9756 8439  
[irene.cf.tai@pwc.com](mailto:irene.cf.tai@pwc.com)

**Falgun Thakkar**

Transfer Pricing Leader  
+65 9634 7984  
[falgun.d.thakkar@pwc.com](mailto:falgun.d.thakkar@pwc.com)

**Kor Bing Keong**

Goods and Services Tax  
Leader  
+65 9112 6982  
[bing.keong.kor@pwc.com](mailto:bing.keong.kor@pwc.com)

**Tan Tay Lek**

Partner, Corporate Tax  
+65 9179 2725  
[tay.lek.tan@pwc.com](mailto:tay.lek.tan@pwc.com)

**Ding Suk Peng**

Workforce Rewards Leader  
+65 9729 4016  
[suk.peng.ding@pwc.com](mailto:suk.peng.ding@pwc.com)

# Tax Bulletin

## In brief

The Ministry of Finance (MOF) launched a public consultation exercise on 18 June 2025 to seek feedback on the draft Finance (Income Taxes) Bill 2025 (the draft Bill) which proposes amendments to the Income Tax Act 1947 (ITA) and the Multinational Enterprise (Minimum Tax) Act 2024 (MMTA). The consultation period ends on 11 July 2025.

## Details

### Proposed amendments to the ITA

The draft Bill proposes 16 amendments to the ITA arising from the 2025 Budget Statement (for details, see our [Budget 2025 Commentary](#)), and 17 amendments arising from the MOF's periodic review of Singapore's income tax system. Significant changes proposed include that relating to:

- 50% corporate income tax rebate;
- Tax incentives to strengthen the development of Singapore's equities markets;
- Enhancements of the rules for claiming tax deductions on expenses incurred in respect of employee equity-based remuneration schemes;
- New deduction rules for payments under approved cost-sharing agreements for collaborative innovation activities;

- Enhancements of the rules regarding the tax exemption of gains on disposal of shares by companies to include gains on disposals of preference shares which are accounted for as equity, and to allow group ownership of the shares to be counted towards the minimum ownership threshold; and
- The prohibition of tax deductions for bribes and other expenses incurred in the furtherance of bribery.

**Sector-specific amendments include:**

- Introduction of a 15% concessionary tax rate tier for the Insurance Business Development (IBD), IBD-Captive Insurance, IBD-Insurance Broking Business, Financial Sector Incentive (FSI)-Standard Tier, FSI-Trustee Company and FSI-Headquarter Services schemes;
- Extension of the tax concessions for Singapore-listed real estate investment trusts (S-REITS), and the concessionary final 10% withholding tax for distributions by S-REIT Exchange Traded Funds (S-REIT ETFs) received by qualifying entities;
- Expansion of the scope of S-REIT specified income qualifying for tax transparency to include co-location and co-working income;
- Introduction of a new Approved Shipping Financing Arrangement Award (for Ships and Containers) which provides withholding tax exemption on interest and related payments made by approved entities to non-tax resident lenders in respect of qualifying arrangements to finance the purchase or construction of ships and containers; and
- Expansion of the scope of qualifying activities under various schemes within the Maritime Sector Incentive.

On the personal tax front, amendments are proposed to give effect to a 60% personal income tax rebate for tax resident individuals, capped at \$200 per taxpayer for the Year of Assessment 2025 and to provide for tax exemption on government payouts under schemes such as the SkillsFuture Jobseeker Support Scheme and the CPF top-ups provided under the Majulah Package Earn and Save Bonus.

Amendments relating to tax administration include the introduction of a Crypto-Asset Reporting Framework, to be based on the internationally-agreed standard for the automatic exchange of information on crypto-assets for tax purposes.

**Proposed amendments to the MMTA**

The draft Bill proposes a total of 17 amendments, three of which are editorial changes. The remaining amendments clarify various definitions and rules in the MMTA and provide regulation-making powers required for the smooth operation of the law including the following:

- To provide that a securitisation entity will not be jointly and severally liable for unpaid domestic top-up tax (DTT) and interest of the multinational enterprise (MNE) group and that it will not be appointed as the designated local DTT filing entity unless it is the only constituent entity located in Singapore.
- To clarify the allocation of profits and taxes in group structures with flow-through entities and that DTT is allowed to be deducted in determining the jurisdictional top-up amount for a stateless entity formed in Singapore.

- To provide that the definition of the financial accounting net income or loss (FANIL) of a permanent establishment must be based on its profits as reflected in separate financial accounts prepared based acceptable financial accounting standards.
- To define terms such as 'securitisation entity', 'securitisation arrangement', 'excluded equity gain or loss', 'excluded entity', 'multi-parent group' and 'portfolio shareholding'.

## Key takeaways

Although the MOF has stated that the proposed legislation may not be enacted as final law and should not be used for individual or business decisions, taxpayers who may be affected by the proposals may nonetheless wish to consider the potential implications and make relevant preparations. Businesses and individuals should also assess and plan for opportunities to make the most of enhancements to current tax treatments. They should take this opportunity to provide their feedback to the MOF so as to clarify the language used or the legislative intention to minimise potential disputes in application down the road.

The MOF will publish a summary of the main comments received on its website, together with its responses thereto, by the fourth quarter of the year.