

Annex A: MOF's responses to key feedback on the draft Income Tax (Amendment) Bill 2022

1. Proposed Amendment: Enhance the progressivity of PIT of tax-resident individual taxpayers, and align the tax rates of non-tax-resident individual taxpayers to the revised top marginal PIT rate for tax-resident individuals

Feedback: To lower PIT rates given the increase in GST rate.

Response: **Not accepted.** To fund the increase in recurrent Government expenditure, such as our rising healthcare spending, both an increase in GST rate and PIT rates as well as other measures are needed. Increasing the PIT rates for higher income earners enhances the progressivity of the PIT regime, such that those who earn more will contribute more.

2. Proposed Amendment: Facilitate disclosure of company-related information for official duties

- a) Feedback: To prescribe in legislation the situations where public sector agencies may engage third-parties to perform the officer's official duties (in supporting data-driven policymaking, operations and integrated service delivery), such that IRAS is able to disclose information to such third-parties.

Response: **Not accepted.** The range of official duties carried out by public sector agencies (for which they may require assistance from authorised third-parties) is extensive, and may change over time to cater to changing public needs. It is therefore not practical to comprehensively prescribe and legislate all possible situations.

There are measures in place to safeguard data confidentiality in relation to information disclosure to authorised third-parties engaged by public sector agencies.

- IRAS can only disclose information to authorised third-parties engaged by public sector agencies to assist with the performance of a public officer's official duties, if taxpayer consent has been obtained. In such instances, it will be made known to taxpayers that their information can be shared with external parties (e.g. external auditors) authorised by the public sector agency.
 - Authorised third-parties engaged by public sector agencies, are bound by secrecy provisions under the ITA, Goods and Services Tax Act 1993 ("GSTA") and the Official Secrets Act 1935 ("OSA"), where any unauthorised disclosure of such information is an offence.
- b) Feedback: To elaborate on the official duties and circumstances under which IRAS can disclose company-related information in the prescribed list to public sector agencies.

Response: **Noted feedback.** Consent remains the primary mechanism for IRAS to disclose identifiable information to public sector agencies. However, in some cases, it is not feasible nor practical for public sector agencies to obtain consent from all taxpayers before accessing company related information required for their official duties.

Under the proposed amendment, IRAS will be able to disclose only company-related information under the prescribed list to a public officer or officer of a Statutory Board, for the performance of the officer's official duties. Such disclosure cannot be made to any other third-parties outside the public sector.

These official duties generally fall within the ambit of the Public Sector (Governance) Act 2018 ("PSGA"), which sets out, amongst others, directions that can be made to secure economies or efficiencies for the Singapore public sector, or to improve the efficiency or effectiveness of policies, programme management or service planning and delivery. For example, IRAS may disclose information within the prescribed list to public sector agencies for the purpose of providing assistance on schemes. This reduces the need for companies/applicants to provide the same information when they apply for a scheme.

To balance these needs of public sector agencies while ensuring that the information of companies remain adequately protected, the prescribed list of data items are only to be disclosed in a less granular form (e.g. in data ranges, and "Yes/No" indicators). Aside to legislative safeguards under the ITA, GSTA, PSGA, and OSA, the data sharing arrangement will also be governed by safeguards under the Government Instruction Manuals, which specifies Government policies, standards, regulations, and codes of practices, for the handling of data by public sector agencies.

3. Proposed Amendment: Streamline provisions on the BOR and empower BOR chairpersons with discretion to convene a one-member coram, instead of the default three-member coram, for BOR hearings

Feedback: To retain a minimum notice period to parties of at least 14 days before the appeal is fixed for hearing in the principal Act to provide certainty.

Response: **Accepted.** We agree with the feedback that a notice period of at least 14 days can be retained in the principal Act to preserve certainty on parties' right to have a minimum notice period before the appeal is first fixed for hearing.

4. Proposed Amendment: Amend the definition of "local employee" under section 370 of the ITA to recognise central hiring and secondment arrangements under the M&A Scheme

Feedback: Since there is already an existing requirement for the acquiring company to be carrying on a trade or business in Singapore, the requirement for an employee to be a citizen of Singapore or a Singapore permanent resident making contributions to the Central Provident Fund ("CPF") should be removed, where such an employee is exercising employment in Singapore for the acquiring company, and whose remuneration is fully borne directly or indirectly by the acquiring company.

Response: **Not accepted.** The conditions for the "local employee" to be (i) a citizen of Singapore or a Singapore permanent resident, who (ii) makes contributions in respect of the income derived from his or her employment with the acquiring company to the CPF, are necessary to ensure that employee exercises employment in Singapore, and that the acquiring company benefitting from the M&A Scheme is not a dormant or shell company.