Crowe

Singapore Budget 2021

General Tax Changes

Option to Accelerate the Write-Off of the Cost of Acquiring Plant and Machinery (P&M)

- The option to accelerate the write-off of the cost of acquiring P&M will be extended to capital expenditure incurred on the acquisition of P&M in the basis period for Year of Assessment ("YA") 2022 (i.e. Financial Year 2021).
- The rates of accelerated capital allowances ("CA") allowed are as follows:
  - 75% of the cost incurred to be written off in first year and
  - 25% of the cost incurred to be written off in second year.

  The option above was in addition to the options currently available under Section 19 and 19A of the Income Tax Act ("ITA"). No deferment of CA claims is allowed under the above option.

Option to Accelerate the Deduction of Expenses Incurred on Renovation and Refurbishment ("R&R")

- The option to claim R&R deduction in one YA (i.e. accelerated R&R deduction) will be extended to qualifying expenditure incurred on R&R in the basis period for YA 2022 (i.e. Financial Year 2021).
- Taxpayers who incurred qualifying expenditure on R&R during the basis period for YA 2021 (Financial Year 2020) and YA 2022 (Financial Year 2021) for the purposes of their trade, profession or business will be given an irrevocable option to claim R&R deduction in one YA (i.e. accelerated R&R deduction). The cap of S$300,000 for every relevant period of three consecutive YAs will still apply.
- The option above is in addition to the existing option under Section 14Q of the ITA.

Enhanced Carry-Back Relief Scheme

- The enhanced carry-back relief scheme for Year of Assessment ("YA") 2020 will be extended to apply to current year unabsorbed capital allowances ("CA") and trade losses (collectively referred to as "qualifying deductions") for YA 2021.
- Under the enhanced scheme, qualifying deductions for YA 2020 and YA 2021 may be carried back up to three immediate preceding YAs, capped at S$100,000 of qualifying deductions, subject to conditions. Under the normal carry-back relief scheme, the qualifying deductions may only be carried back to the immediate preceding YA.

Tax Deduction for Qualifying Donations

- Currently, donors are eligible for a 250% tax deduction for qualifying donations made to Institutions of a Public Character ("IPCs") and other qualifying recipients, available from 1 January 2016 to 31 December 2021.
- The 250% tax deduction will be extended to qualifying donations made to IPCs from 1 January 2022 to 31 December 2023 (both dates inclusive).

Eligible Donations	Eligible Recipient	Eligible Donor
Cash Donations	Any IPC and the Singapore Government	All donors
Gift of Shares Listed on the Singapore Exchange (SGX) or of Units in Unit Trusts Traded in Singapore or Listed on the SGX	Any IPC	Individual donors only
Gifts of Artefacts	Approved museums (Approved by the National Heritage Board ("NHB"))	All donors
Donation of Public Sculptures	Approved recipients (Approval by the NHB)	All donors
Gifts of Parcels of Lands or Buildings	Any IPC	All donors

Business and IPC Partnership Scheme (BIPS)

- Currently, businesses carrying out a trade or business in Singapore can, subject to conditions, enjoy a total of 250% tax deduction on qualifying expenditure incurred from 1 July 2016 to 31 December 2021 in respect of:
  - The provision of services by the businesses' qualifying employee to an IPC during that period; or
  - The secondment of the businesses' qualifying employee to an IPC during that period.
- The qualifying expenditure is subject to a cap of S$250,000 per business per YA. A qualifying expenditure cap of S$50,000 is also imposed on each IPC per calendar year.
- The BIPS will be extended to 31 December 2023.