

EXCERPT FROM ANNEX D: TAX ASSISTANCE TO HOUSEHOLDS AND SUPPORT FOR COMMUNITY EFFORTS

Name of Tax Change	Current Treatment	New Treatment
Enhancement of Tax Deduction on Donations	Under the current treatment, all donations to Institutions of Public Character (IPCs) and other approved recipients (such as approved museums, prescribed schools, etc) qualify for double tax deduction.	<p>Tax deduction on these donations made during 1 Jan 2009 to 31 Dec 2009 will be enhanced from the current 200% to 250%.</p> <p>This is to encourage greater charitable giving in Singapore during the downturn.</p> <p>All existing rules to qualify for the enhanced tax deduction will remain the same.</p>
Enhancement of start-up exemption scheme	<p>Under the start-up exemption scheme, a newly incorporated company can claim for full tax exemption on the first \$100,000 of chargeable income and 50% exemption for the next \$200,000 of their chargeable income, for their first three Years of Assessment upon incorporation.</p> <p>A company that</p> <ul style="list-style-type: none"> (a) Is incorporated in Singapore; (b) Is a tax resident of Singapore; and (c) Has total share capital which is beneficially held directly by no more than 20 shareholders <ul style="list-style-type: none"> (i) all of whom are individuals; or (ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period relating to the Year of Assessment of claim <p>can qualify for the start-up exemption scheme. A company limited by guarantee is currently excluded from this scheme.</p>	<p>The start-up exemption scheme will be extended to companies limited by guarantee, subject to the same conditions imposed on companies limited by shares, with effect from Year of Assessment 2010.</p> <p>This measure is intended to support the growth of companies limited by guarantee set up by social entrepreneurs.</p>