Public Consultations

Public Consultation on Proposed Finance (Income Taxes) Bill 2026

Topics

Tax-Related (Income Tax)

8 June 2026

INTRODUCTION

1. The Ministry of Finance ("MOF") is seeking public feedback from 8 June to 1 July 2026 on the proposed Finance (Income Taxes) Bill 2026. The Bill proposes 20 amendments to the Income Tax Act 1947 ("ITA") and two amendments to the Multinational Enterprise (Minimum Tax) Act 2024 ("MMTA") to effect:

    1. Tax measures announced at Budget 2026 (ten ITA amendments);

    2. Changes arising from MOF's periodic review of Singapore's income tax system (ten ITA amendments); and

3. Changes related to the Pillar Two Global Anti-Base Erosion Model Rules (two MMTA amendments).

SCOPE OF THE CONSULTATION

Proposed amendments to the ITA

2. There are ten amendments to give legislative effect to tax measures announced at Budget 2026. They include:

    1. **Enterprise Innovation Scheme.** To support businesses in adopting Artificial Intelligence ("AI"), the Enterprise Innovation Scheme will be enhanced for years of assessment 2027 and 2028. Businesses will be allowed to claim tax deductions of 400% on up to $50,000 of qualifying AI expenditures incurred for each year of assessment. The Sectoral AI Centre of Excellence for Manufacturing will also be added as a partner institution for qualifying innovation projects, for which businesses are eligible for a 400% tax deduction on qualifying expenditures incurred.

    2. **250% tax deduction for qualifying donations[1].** To continue supporting a culture of giving in Singapore, the 250% tax deduction scheme will be extended by three years until 31 December 2029.

    3. **Corporate Income Tax Rebate.** To provide support for companies to manage cost pressures, a Corporate Income Tax Rebate of 50% of the corporate tax payable will be provided in year of assessment 2026. Active companies that have employed at least one local employee in calendar year 2025 will receive a minimum benefit of $2,000 in the form of a Corporate Income Tax Rebate Cash Grant. The total maximum benefit that a company may receive is $40,000.

3. The ten remaining amendments arise from MOF's periodic review of Singapore's income tax system. These include introducing a broad-based Fixed Expense Deduction Ratio for self-employed persons and individual sole proprietors, as well as requiring companies to use IRAS' e-service to file objections and revisions to their tax assessments.

Proposed amendments to the MMTA

4. The two amendments are to implement: (i) the Side-by-Side Safe Harbour under the Side-by-Side package approved by the OECD Inclusive Framework on Base Erosion and Profit Shifting in January 2026; and (ii) the Global Anti-Base Erosion information return exchange framework. These amendments ensure that our Pillar Two regime meets international standards and ease the compliance burden for multinational enterprise groups.

GUIDELINES FOR SUBMISSION

5. Respondents are requested to observe these guidelines:

    1. Please identify yourself and the organisation you represent (if any) so that we can follow up to clarify any comments if needed.

    2. Be clear and concise in your comments, and use the template provided to organise your feedback.

    3. Focus your comments on how the drafting of the proposed legislative amendments can be better written for clarity and to facilitate compliance.

    4. As far as possible, explain your points with illustrations, examples, data or alternative formulations of the amendments.

6. This proposed legislation is released only for the purpose of consultation and should not be used for individual or business decisions as it does not represent the final legislation.

7. All comments received during the consultation will be reviewed thoroughly and if accepted, will be incorporated in the Bill for introduction in Parliament.

FEEDBACK CHANNEL

8. We request that all interested parties submit your comments using the template [XLSX, 21.01 KB] ↗ (opens in new tab), through email to pc_itabill@mof.gov.sg ↗ (opens in new tab).

SUMMARY OF RESPONSE

9. We will publish a summary of the main comments received on the MOF's website ↗ (opens in new tab), together with our responses, by Q4 2026. The identities of respondents will not be disclosed in the summary.

DOCUMENTS TO DOWNLOAD

10. Please refer to the proposed Finance (Income Taxes) Bill 2026 and its accompanying Explanatory Statement for details. The Annexes provide a brief description of the **22** proposed amendments.

11. Please click on the links below to download the relevant documents for this public consultation.

Finance (Income Taxes) Bill 2026

- Entire Bill [PDF, 326.15 KB] ↗ (opens in new tab)
- Clauses 1 to 46 [PDF, 269.77 KB] ↗ (opens in new tab)
- Explanatory Statement [PDF, 199.26 KB] ↗ (opens in new tab)

Annexes

- Annex A: Proposed Amendments to the ITA (Budget) [PDF, 142.37 KB] ↗ (opens in new tab)
- Annex B: Proposed Amendments to the ITA (Non-Budget) [PDF, 160.87 KB] ↗ (opens in new tab)
- Annex C: Proposed Amendments to the MMTA [PDF, 113.55 KB] ↗ (opens in new tab)

Template for Submission of Comments [XLSX, 21.01 KB] ↗ (opens in new tab)

Other useful references:

- You may obtain a copy of the ITA and MMTA at https://sso.agc.gov.sg ↗ (opens in new tab).

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[1] This includes cash donations to Institutions of a Public Character and the Singapore Government, as well as eligible in-kind donations (e.g., gifts of artefacts to approved museums).

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