

TAX INCENTIVES FOR INVESTMENT AND EXPANSION. BY MARGARET FORDHAM. (2nd Edition). [Singapore: Longman Singapore Publishers (Pte) Ltd. 1992. xxiv + 363 pp. (including index). Hardcover: S\$125.00.]

MARGARET Fordham's *Tax Incentives for Investment and Expansion*, now in its second edition, is the only book in Singapore that seeks to cover tax incentives granted by the Singapore authorities. Since publication of the first edition in 1988 the government has introduced many more incentives by making amendments to the Income Tax Act (Cap. 134) ("I.T.A."). The introduction of a second edition therefore is timely.

The presentation and layout of this edition is a vast improvement from the first. For example, the extracts from the Economic Expansion Incentives Act (Cap. 86) ("E.E.I.A.") and the I.T.A. in the appendices are in a print size smaller than the text. The text is also in a standard A5 page size.

The format is about the same as that in the first edition. In the first two chapters, the author sets out the economic development of Singapore and the history of the legislation. In doing so, a useful historical background to the incentives is provided; one can see a pattern in the link between the government's emphasis in Singapore's economic development and the chronology of introduction of the various tax incentives. The real substance of the book (and this is what will interest tax practitioners and potential investors) only begins in chapter three when the author discusses the incentives under the E.E.I.A. The provisions of the E.E.I.A. are by nature technical. The author has done a good job in giving an overview of the incentives by discussing their common features before going into a fuller discussion of the individual benefits. The discussion of individual benefits is systematic — in the discussion the author devotes sections on the aims of an incentive, its criteria for entitlement and the terms and extent of the incentive. This is good because it presents the legislation in a more palatable form and this makes it more comprehensible to interested non-lawyers. However in the discussion of the production for export incentive under Part VI of the E.E.I.A. it is felt that the author should have discussed the Privy Council case of *Union Carbide Ltd. v. C.I.T.* [1979] 1 M.L.J. 275 which examined the mechanics for calculating the production for export relief available to the taxpayer prior to 1979. This is not a serious omission though as the law has been amended to reverse the effect of the decision.

In the discussion of incentives under the I.T.A. in chapter four, the author has chosen to analyse the incentives according to "the section in which [they are] contained" (at p. 145). This order, however, may present some difficulty to a layman wanting an overview of the incentives under the I.T.A. On the other hand, the types of incentives in the I.T.A. are extremely diverse. Perhaps in the discussion of the incentives the author should have organised the discussion in terms of the benefits obtainable by a taxpayer. For example, a taxpayer satisfying the requirements of a particular incentive could obtain an exemption from tax (e.g., interest income of a non-resident individual derived from approved bank under section 13(1)(t)) double deductions (e.g., participation in approved trade fairs, exhibitions *etc.* under section 14B) or a concessionary rate of tax (e.g., the operating headquarters relief

under section 43E). Another way of organisation would be by way of industry, *e.g.*, Financial (*e.g.*, A.C.U.s Fund Managers and Securities Companies under section 43A, profits of Unit Trusts under section 10B), Trading (*e.g.*, Entrepot Trade under section 13(1)(n), Export Market Development under section 14C, Approved Oil Traders under Section 43F.), or General (*e.g.*, remittances by non-residents under section 13(3), Short Term visiting Employees under section 13(4)). The latter form of classification however may be more arbitrary and difficult to make since the incentives are rather varied and cannot be easily categorised in this manner. Furthermore, there will in many cases be an overlap between one category and another. As regards the discussion on the incentives themselves the author could perhaps have mentioned the relief for non-resident employees under section 40C, a relief which complements the short term employees exemption which she discusses. It is also felt that a short chapter on international tax reliefs describing the mechanics of the Commonwealth Tax Relief under section 48 and Double Tax Arrangements under section 49 would be useful, since the presence of these reliefs are important factors in the making of a decision to invest in Singapore.

The author concludes with a short chapter on non-fiscal investment incentives.

In the appendices, the E.E.I.A. is reproduced in full together with selected sections of the I.T.A. and regulations made thereunder. Also included is a useful 'benefits at a glance' table and some statistics. The latter is useful as it gives an indication of the success rate of the granting of a particular incentive.

Legislation on tax incentives is technical. The granting of benefits is discretionary since a taxpayer who satisfies all the requirements for a tax incentive may well be refused the incentive under the law and this further compounds the uncertainties faced by potential investors. The book is readable, comprehensive and is a good contribution to this area of tax law.

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