

LEGISLATIVE COUNCIL BRIEF

Inland Revenue Ordinance
(Chapter 112)

INLAND REVENUE (AMENDMENT) (NO. 2) BILL 2013

INTRODUCTION

A At the meeting of the Executive Council on 16 April 2013, the Council ADVISED and the Chief Executive ORDERED that the Inland Revenue (Amendment) (No. 2) Bill 2013 (“the Bill”), at **Annex A**, should be introduced into the Legislative Council (“LegCo”) to implement the following concessionary revenue measures proposed in the 2013-14 Budget –

- (a) to increase both the child allowance and the additional one-off child allowance in the year of birth for each eligible child from \$63,000 to \$70,000 under salaries tax and tax under personal assessment with effect from the year of assessment 2013/14;
- (b) to enhance the deduction ceiling for expenses of self-education from \$60,000 to \$80,000 under salaries tax with effect from the year of assessment 2013/14; and
- (c) to reduce salaries tax, tax under personal assessment and profits tax for the year of assessment 2012/13 by 75%, subject to a ceiling of \$10,000 per case.

JUSTIFICATIONS

Proposed Enhancements in Allowance and Deduction Ceiling

2. To alleviate taxpayers’ burden in raising their children, the 2013-14 Budget proposes to increase the child allowance under salaries tax and tax under personal assessment from the current \$63,000 to \$70,000 for each child per annum. The additional one-off child allowance in the year of birth will also be increased from the current \$63,000 to \$70,000 for each child.

3. To encourage self-education and lifelong learning, the 2013-14 Budget also proposes to increase the maximum amount of deduction for expenses of self-education under salaries tax from \$60,000 to \$80,000 per annum.

4. As proposed in the 2013-14 Budget, the measures in paragraphs 2 and 3 above would take effect for the year of assessment 2013/14 onwards. About 310 000 taxpayers would benefit from the above proposals.

Proposed One-off Tax Reduction for the Year of Assessment 2012/13

5. To ease the community's burden amidst an uncertain external economic outlook and the risk of rising inflation, the Financial Secretary has introduced a basket of counter-cyclical stimulus measures. Amongst others, these include reducing salaries tax and tax under personal assessment for 2012/13 by 75%, subject to a ceiling of \$10,000; and reducing profits tax for 2012/13 by 75%, subject to a ceiling of \$10,000. The reduction will be reflected in the taxpayers' final tax payable for the year of assessment 2012/13. About 1.53 million taxpayers will benefit from the proposed one-off reduction of salaries tax and tax under personal assessment. The proposed one-off reduction of profits tax will benefit about 119 000 tax-paying companies which are liable to profits tax.

OTHER OPTIONS

6. We must amend the Inland Revenue Ordinance ("IRO") in order to bring the relevant proposals into effect. There are no other options.

THE BILL

7. The major provisions of the Bill are as follows –

- (a) **Clause 3** amends section 89 of the IRO to provide that the transitional provisions set out in the new Schedule 28 (added by clause 7) have effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment 2013/14.
- (b) **Clause 4** adds a new section 95 to the IRO. The new section and the new Schedule 29 (added by clause 7) provide for the reduction of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2012/13 by 75%, subject to a maximum of \$10,000 in each case.
- (c) **Clause 5** amends Schedule 3A to the IRO to increase the maximum amount deductible from assessable income for the expenses of self-education. The maximum deductible amount is increased from \$60,000 to \$80,000 for the year of assessment

2013/14 and subsequent years of assessment.

- (d) **Clause 6** amends Schedule 4 to the IRO to increase –
- (i) the amount of child allowance granted under section 31(1) of the IRO in respect of a child from \$63,000 to \$70,000, and the maximum amount of those allowances granted to a person from \$567,000 to \$630,000; and
 - (ii) the amount of additional child allowance granted under section 31(1A) of the IRO in respect of a child in the year of assessment in which the child is born from \$63,000 to \$70,000, and the maximum amount of those allowances granted to a person from \$567,000 to \$630,000.

The increases take effect for the year of assessment 2013/14 and subsequent years of assessment.

- (e) **Clause 7** adds new Schedules 28 and 29 to the IRO. The new Schedule 28 provides for the transitional arrangements relating to the assessment of, and holding over of payment of, provisional salaries tax for the year of assessment 2013/14.

B The existing provisions being amended are at **Annex B**.

LEGISLATIVE TIMETABLE

8. The legislative timetable will be as follows –

Publication in the Gazette	26 April 2013
First Reading and commencement of Second Reading debate	8 May 2013
Resumption of Second Reading debate, committee stage and Third Reading	To be notified

IMPLICATIONS OF THE PROPOSAL

9. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. The proposal will not affect the binding effect of the existing provisions of the IRO and its subsidiary legislation. The financial, economic, sustainability and family implications of the proposal are at **Annex C**. The proposal has no productivity, environmental or civil service implications.

C

PUBLIC CONSULTATION

10. Owing to the confidentiality of the Budget, no formal consultation was conducted specifically in respect of the proposals in the Bill. However, the Financial Secretary has conducted consultations with LegCo Members, various business and professional bodies as well as the general public when formulating the 2013-14 Budget. Their views have been taken into account in drawing up these proposals.

PUBLICITY

11. We will issue a press release on 26 April 2013. A spokesperson will be available to answer media and public enquiries.

BACKGROUND

12. The child allowance and the additional one-off child allowance were last increased in the year of assessment 2012/13 by 5% to the current level of \$63,000. The deduction ceiling for expenses of self-education was last enhanced in the year of assessment 2007/08 by 50% to the current level of \$60,000.

ENQUIRIES

13. Enquiries on the Brief should be directed to Miss Fiona Chau, Principal Assistant Secretary for Financial Services and the Treasury (Treasury) at 2810 2791.

Financial Services and the Treasury Bureau
23 April 2013

Inland Revenue (Amendment) (No. 2) Bill 2013

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A BILL

To

Amend the Inland Revenue Ordinance to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2013–2014 financial year, and to provide for transitional matters.

Enacted by the Legislative Council.

1. Short title

This Ordinance may be cited as the Inland Revenue (Amendment) (No. 2) Ordinance 2013.

2. Inland Revenue Ordinance amended

The Inland Revenue Ordinance (Cap. 112) is amended as set out in sections 3 to 7.

3. Section 89 amended (transitional provisions)

At the end of section 89—

Add

“(11) Schedule 28 has effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment commencing on 1 April 2013.”.

4. Section 95 added

After section 94—

Add

“95. Reduction of taxes for year of assessment 2012/13

Schedule 29 contains provisions relating to the reduction of salaries tax, profits tax and tax under personal assessment for the year of assessment commencing on 1 April 2012.”.

5. Schedule 3A amended (deduction for expenses of self-education)

Schedule 3A—

Repeal item 5

Substitute

“5. For the years of assessment 2007/08 to 2012/13 inclusive \$60,000

6. For the year of assessment 2013/14 and for each year after that year \$80,000”.

6. Schedule 4 amended (allowances)

(1) Schedule 4, subheading—

Repeal

“For the year of assessment 2012/13 and for each year after that year”

Substitute

“For the year of assessment 2012/13”.

(2) At the end of Schedule 4—

Add

“For the year of assessment 2013/14 and for each year after that year

FIRST COLUMN
(section)

SECOND COLUMN
(the prescribed amount)

1.	Section 28 (basic allowance)	\$120,000
2.	Section 29 (married person’s allowance)	\$240,000
3.	Section 30 (dependent parent allowance)—	
	(a) subsection (3)(a)	\$ 38,000
	(b) subsection (3)(b)	\$ 38,000
	(c) subsection (3A)(a)	\$ 19,000
	(d) subsection (3A)(b)	\$ 19,000
	(e) subsection (4)(a)	\$ 12,000
4.	Section 30A (dependent grandparent allowance)—	
	(a) subsection (3)(a)	\$ 38,000
	(b) subsection (3)(b)	\$ 38,000
	(c) subsection (3A)(a)	\$ 19,000
	(d) subsection (3A)(b)	\$ 19,000
	(e) subsection (4)(a)	\$ 12,000
5.	Section 30B(1) (dependent brother or dependent sister allowance)	\$ 33,000

	FIRST COLUMN (section)	SECOND COLUMN (the prescribed amount)
6.	Section 31 (child allowance)—	
	(a) subsection (1)	\$70,000 for each child
	(b) subsection (1A)	\$70,000 for each child
	(c) subsection (5) (in relation to subsection (1))	\$630,000
	(d) subsection (5) (in relation to subsection (1A))	\$630,000
7.	Section 31A(1) (disabled dependant allowance)	\$ 66,000
8.	Section 32(1) (single parent allowance)	\$120,000”.

7. **Schedules 28 and 29 added**
At the end of the Ordinance—
Add

“Schedule 28 [s. 89(11)]

Transitional Provisions Relating to Provisional Salaries Tax in respect of Year of Assessment 2013/14

1. Interpretation

In this Schedule—

current year (本年度) means the year of assessment commencing on 1 April 2013;

preceding year (上一年度) means the year of assessment commencing on 1 April 2012.

2. Allowances granted for current year

- (1) For the purposes of section 63C(1) of this Ordinance, in calculating the net chargeable income of a person for the preceding year to ascertain the provisional salaries tax in respect of the current year—
- (a) the reference to “such allowances as are under Part 5 permitted for that person” in section 12B(1)(b) of this Ordinance; and
 - (b) the reference to “such allowances as are under Part 5 permitted in their case” in section 12B(2)(b) of this Ordinance,

are to be construed as allowances that may be granted to that person, or that person and his or her spouse, whichever is applicable, for the current year under Part 5 of this Ordinance as amended by the Inland Revenue (Amendment) (No. 2) Ordinance 2013 (of 2013).

- (2) For the purposes of an application under section 63E(1) of this Ordinance to hold over the payment of provisional salaries tax in respect of the current year, the reference to “net chargeable income for the year preceding the year of assessment” in section 63E(2)(a) and (b) of this Ordinance is to be construed as the net chargeable income for the preceding year as calculated in accordance with subsection (1).

3. Applications for holding over of payment of provisional salaries tax on additional ground

- (1) Without affecting section 63E of this Ordinance, if in relation to the current year a person is liable to pay provisional salaries tax, that person may, by notice in writing lodged with the Commissioner, apply to the Commissioner on the ground specified in subsection (3) to have the payment of the whole or part of the tax held over until that person is required to pay salaries tax for the current year.
- (2) An application under subsection (1) must be made not later than—
- (a) 28 days before the day by which the provisional salaries tax is to be paid; or
- (b) 14 days after the date of the notice for payment of provisional salaries tax under section 63C(6) of this Ordinance,

whichever is the later.

- (3) The ground specified for the purposes of subsection (1) is that the amount of the expenses of self-education paid or to be paid by the person during the current year, to the extent to which a deduction in respect of those expenses is allowable under section 12 of this Ordinance for that year, exceeds or is likely to exceed \$60,000.
- (4) If the Commissioner is satisfied that it is appropriate to do so, the Commissioner may, either generally or in a particular case, extend the time within which an application may be made under subsection (1).
- (5) On receipt of an application made under subsection (1), the Commissioner must consider the application and may hold over the payment of the whole or part of the provisional salaries tax.
- (6) The Commissioner must, by notice in writing, inform the person applying under subsection (1) of the Commissioner’s decision.
- (7) In this section—
- expenses of self-education* (個人進修開支) has the meaning given to it by section 12(6)(b) of this Ordinance.

Schedule 29

[s. 95]

**Reduction of Taxes for Year of Assessment
2012/13****1. Salaries tax**

The amount of salaries tax charged under Part 3 of this Ordinance for the year of assessment commencing on 1 April 2012 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 13(1) of this Ordinance read together with section 13(2) of this Ordinance; or
- (b) \$10,000,

whichever is the lesser.

2. Profits tax

(1) The amount of profits tax charged under Part 4 of this Ordinance for the year of assessment commencing on 1 April 2012 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 14 of this Ordinance read together with sections 14A and 14B of this Ordinance; or
- (b) \$10,000,

whichever is the lesser.

(2) If a trade, profession or business is carried on by a partnership, and any of the partners has elected to be assessed in accordance with Part 7 of this Ordinance for the year of assessment commencing on 1 April 2012, the reduction under subsection (1) applies to the tax

chargeable on the whole of the net assessable profits of the trade, profession or business, and not the tax charged on the net assessable profits of the trade, profession or business shared by those partners who have not made that election.

3. Tax under personal assessment

(1) The amount of tax charged under Part 7 of this Ordinance for the year of assessment commencing on 1 April 2012 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 43(1) of this Ordinance read together with section 43(1A) of this Ordinance; or
- (b) \$10,000,

whichever is the lesser.

(2) For the purposes of section 43(2B) of this Ordinance, in ascertaining the portion of tax to be charged on each spouse in the year of assessment commencing on 1 April 2012, the amount of tax to be apportioned between the husband and wife is the amount as reduced under subsection (1).”

Explanatory Memorandum

The object of this Bill is to amend the Inland Revenue Ordinance (Cap. 112) (*the Ordinance*) to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2013–2014 financial year.

2. Clause 1 sets out the short title.
3. Clause 3 amends section 89 of the Ordinance to provide that the transitional provisions set out in the new Schedule 28 (added by clause 7) have effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment 2013/14.
4. Clause 4 adds a new section 95 to the Ordinance. The new section and the new Schedule 29 (added by clause 7) provide for the reduction of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2012/13 by 75%, subject to a maximum of \$10,000 in each case.
5. Clause 5 amends Schedule 3A to the Ordinance to increase the maximum amount deductible from assessable income for the expenses of self-education. The maximum deductible amount is increased from \$60,000 to \$80,000 for the year of assessment 2013/14 and subsequent years of assessment.
6. Clause 6 amends Schedule 4 to the Ordinance to increase—
 - (a) the amount of child allowance granted under section 31(1) of the Ordinance in respect of a child from \$63,000 to \$70,000, and the maximum amount of those allowances granted to a person from \$567,000 to \$630,000; and
 - (b) the amount of additional child allowance granted under section 31(1A) of the Ordinance in respect of a child in the year of assessment in which the child is born from

\$63,000 to \$70,000, and the maximum amount of those allowances granted to a person from \$567,000 to \$630,000.

The increases take effect for the year of assessment 2013/14 and subsequent years of assessment.

7. Clause 7 adds new Schedules 28 and 29 to the Ordinance. The new Schedule 28 provides for the transitional arrangements relating to the assessment of, and holding over of payment of, provisional salaries tax for the year of assessment 2013/14.

Chapter:	112	Inland Revenue Ordinance	Gazette Number	Version Date
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Section:	89	Transitional provisions	21 of 2012	20/07/2012
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- (1) (Repealed 12 of 2004 s. 20)
- (2) In relation to amendments made by the Inland Revenue (Amendment) (No. 2) Ordinance 1993 (52 of 1993)-
 - (a) it is declared that the amendments shall be without prejudice to the provisions of Part 14. (Amended 4 of 2010 s. 17)
 - (b) (Repealed 4 of 2010 s. 17)
- (3) The transitional provisions of Schedule 9 shall have effect in relation to recognized occupational retirement schemes approved under section 87A prior to the repeal of that section by the Inland Revenue (Amendment) (No. 5) Ordinance 1993 (76 of 1993). (Added 76 of 1993 s. 10)
- (4) The transitional provisions of Schedule 12 shall have effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment 2001/02. (Added 29 of 2001 s. 2)
- (5) Schedule 14 has effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment 2005/06. (Added 8 of 2005 s. 6)
- (6) Schedule 21 has effect in relation to the amendments made by the Inland Revenue (Amendment) Ordinance 2011 (4 of 2011). (Added 4 of 2011 s. 5)
- (7) Schedule 22 has effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment commencing on 1 April 2011. (Added 9 of 2011 s. 3)
- (8) Schedule 24 sets out transitional provisions that have effect for the purposes of the Inland Revenue (Amendment) (No. 3) Ordinance 2011 (21 of 2011). (Added 21 of 2011 s. 8)
- (9) Schedule 25 has effect in relation to the following persons-
 - (a) a person liable to pay provisional salaries tax in respect of the year of assessment commencing on 1 April 2012 or the year of assessment commencing on 1 April 2013;
 - (b) a person liable to pay provisional profits tax in respect of the year of assessment commencing on 1 April 2012 or the year of assessment commencing on 1 April 2013. (Added 21 of 2012 s. 5)

Chapter:	112	Inland Revenue Ordinance	Gazette Number	Version Date
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Schedule:	3A	Deduction for Expenses of Self-Education	E.R. 1 of 2012	09/02/2012
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[section 12(6)(a)]

Item	Year of assessment	Amount
1.	For the year of assessment 1996/97	\$12000
2.	For the year of assessment 1997/98 (Amended 31 of 1998 s. 21)	\$20000
3.	For the years of assessment 1998/99 to 2000/01 inclusive (Replaced 15 of 2001 s. 2)	\$30000
4.	For the years of assessment 2001/02 to 2006/07 inclusive (Replaced 10 of 2007 s. 7)	\$40000
5.	For the year of assessment 2007/08 and for each year after that year (Added 10 of 2007 s. 7)	\$60000

(Added 42 of 1997 s. 5)

Chapter:	112	Inland Revenue Ordinance	Gazette Number	Version Date
Schedule:	4	Allowances	21 of 2012	20/07/2012

[section 27(3)]
(Amended 48 of 1995 s. 13)

For the year of assessment 1989/90

First Column (section)	Second Column (the prescribed amount or percentage)
1. Section 28 (basic allowance)-	
(a) subsection (1)(a)	\$32000
(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$39000
(d) subsection (1)(b), being the prescribed percentage	10%
2. Section 29 (married person's allowance)-	
(a) subsection (3)(a)	\$66000
(b) subsection (3)(b), being the first reference to the prescribed amount	\$14000
(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$80000
(d) subsection (3)(b), being the prescribed percentage	10%
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$11000
(b) subsection (3)(b)	\$ 3000
(c) subsection (4)(a)	\$ 1200
4. Section 31 (child allowance)-	
(a) subsection (1)	(i) \$13000 for the first child (ii) \$9000 for the second child (iii) \$3000 for the third child (iv) \$2000 each for the fourth, fifth and sixth child (v) \$1000 for each subsequent child
(b) subsection (5)	\$34000
5. Section 32(1) (single parent allowance)	\$20000

(Replaced 43 of 1989 s. 30. Amended 30 of 1990 s. 6)

For the year of assessment 1990/91

First Column (section)	Second Column (the prescribed amount or percentage)
1. Section 28 (basic allowance)-	
(a) subsection (1)(a)	\$32000
(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$39000
(d) subsection (1)(b), being the prescribed percentage	0%
2. Section 29 (married person's allowance)-	
(a) subsection (3)(a)	\$66000

(b)	subsection (3)(b), being the first reference to the prescribed amount	\$14000
(c)	subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$80000
(d)	subsection (3)(b), being the prescribed percentage	0%
3.	Section 30 (dependent parent allowance)-	
(a)	subsection (3)(a)	\$12000
(b)	subsection (3)(b)	\$ 3000
(c)	subsection (4)(a)	\$ 1200
4.	Section 31 (child allowance)-	
(a)	subsection (1)	(i) \$14000 for the first child (ii) \$10000 for the second child (iii) \$3000 for the third child (iv) \$2000 each for the fourth, fifth and sixth child (v) \$1000 for each subsequent child
(b)	subsection (5)	\$36000
5.	Section 32(1) (single parent allowance)	\$20000

(Added 30 of 1990 s. 6. Amended 42 of 1991 s. 3)

For the year of assessment 1991/92

	First Column (section)	Second Column (the prescribed amount or percentage)
1.	Section 28 (basic allowance)-	
(a)	subsection (1)(a)	\$34000
(b)	subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c)	subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$41000
(d)	subsection (1)(b), being the prescribed percentage	0%
2.	Section 29 (married person's allowance)-	
(a)	subsection (3)(a)	\$68000
(b)	subsection(3)(b), being the first reference to the prescribed amount	\$14000
(c)	subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$82000
(d)	subsection (3)(b), being the prescribed percentage	0%
3.	Section 30 (dependant parent allowance)-	
(a)	subsection (3)(a)	\$12000
(b)	subsection (3)(b)	\$ 3000
(c)	subsection (4)(a)	\$ 1200
4.	Section 31 (child allowance)-	
(a)	subsection (1)	(i) \$14000 for the first child (ii) \$10000 for the second child (iii) \$3000 for the third child (iv) \$2000 for the four, fifth and sixth child (v) \$1000 for each subsequent child
(b)	subsection (5)	\$36000
5.	Section 32(1) (single parent allowance)	\$20000

(Added 42 of 1991 s. 3. Amended 34 of 1992 s. 4)

For the year of assessment 1992/93

First Column (section)	Second Column (the prescribed amount or percentage)
1. Section 28 (basic allowance)-	
(a) subsection (1)(a)	\$39000
(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$46000
(d) subsection (1)(b), being the prescribed percentage	0%
2. Section 29 (married person's allowance)-	
(a) subsection (3)(a)	\$78000
(b) subsection (3)(b), being the first reference to the prescribed amount	\$14000
(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$92000
(d) subsection (3)(b), being the prescribed percentage	0%
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$13500
(b) subsection (3)(b)	\$ 3000
(c) subsection (4)(a)	\$ 1200
4. Section 31 (child allowance)-	
(a) subsection (1)	(i) \$15500 for the first child (ii) \$11500 for the second child (iii) \$3000 for the third child (iv) \$2000 each for the fourth, fifth and sixth child (v) \$1000 for each subsequent child
(b) subsection (5)	\$39000
5. Section 32(1) (single parent allowance)	\$23000

(Added 34 of 1992 s. 4. Amended 28 of 1993 s. 3)

For the year of assessment 1993/94

First Column (section)	Second Column (the prescribed amount or percentage)
1. Section 28 (basic allowance)-	
(a) subsection (1)(a)	\$ 49000
(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$ 56000
(d) subsection (1)(b), being the prescribed percentage	0%
2. Section 29 (married person's allowance)-	
(a) subsection (3)(a)	\$ 98000
(b) subsection (3)(b), being the first reference to the prescribed amount	\$ 14000
(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$112000

	(d) subsection (3)(b), being the prescribed percentage	0%
3.	Section 30 (dependent parent allowance)-	\$ 17000
	(a) subsection (3)(a)	\$ 3000
	(b) subsection (3)(b)	\$ 1200
	(c) subsection (4)(a)	
4.	Section 31 (child allowance)-	
	(a) subsection (1)	(i) \$17000 for the first child
		(ii) \$17000 for the second child
		(iii) \$3000 for the third child
		(iv) \$2000 each for the fourth, fifth and sixth child
		(v) \$1000 for each subsequent child
	(b) subsection (5)	\$ 46000
5.	Section 32(1) (single parent allowance)	\$ 27000

(Added 28 of 1993 s. 3. Amended 37 of 1994 s. 7)

For the year of assessment 1994/95

	First Column (section)	Second Column (the prescribed amount or percentage)
1.	Section 28 (basic allowance)-	
	(a) subsection (1)(a)	\$ 65000
	(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
	(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$ 72000
	(d) subsection (1)(b), being the prescribed percentage	0%
2.	Section 29 (married person's allowance)-	
	(a) subsection (3)(a)	\$ 130000
	(b) subsection (3)(b), being the first reference to the prescribed amount	\$ 14000
	(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$144000
	(d) subsection (3)(b), being the prescribed percentage	0%
3.	Section 30 (dependent parent allowance)-	
	(a) subsection (3)(a)	\$ 20000
	(b) subsection (3)(b)	\$ 3000
	(c) subsection (4)(a)	\$ 1200
4.	Section 30A (dependent grandparent allowance)-	
	(a) subsection (3)(a)	\$ 20000
	(b) subsection (3)(b)	\$ 3000
	(c) subsection (4)(a)	\$ 1200
5.	Section 31 (child allowance)-	
	(a) subsection (1)	(i) \$20000 for the first child
		(ii) \$20000 for the second child
		(iii) \$3000 for the third child
		(iv) \$2000 each for the fourth, fifth and sixth child
		(v) \$1000 for each subsequent child
	(b) subsection (5)	\$ 52000
6.	Section 32(1) (single parent allowance)	\$ 32000

(Added 37 of 1994 s. 7. Amended 48 of 1995 s. 13)

For the year of assessment 1995/96

First Column (section)	Second Column (the prescribed amount or percentage)
1. Section 28 (basic allowance)-	
(a) subsection (1)(a)	\$ 72000
(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$ 79000
(d) subsection (1)(b), being the prescribed percentage	0%
2. Section 29 (married person's allowance)-	
(a) subsection (3)(a)	\$144000
(b) subsection (3)(b), being the first reference to the prescribed amount	\$ 14000
(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$158000
(d) subsection (3)(b), being the prescribed percentage	0%
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 22000
(b) subsection (3)(b)	\$ 6000
(c) subsection (4)(a)	\$ 1200
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 22000
(b) subsection (3)(b)	\$ 6000
(c) subsection (4)(a)	\$ 1200
5. Section 31 (child allowance)-	
(a) subsection (1)	(i) \$22000 for each of the first and the second child
	(ii) \$11000 for each subsequent child
(b) subsection (5)	\$121000
6. Section 31A(1) (disabled dependent allowance)	\$ 11000
7. Section 32(1) (single parent allowance)	\$ 40000

(Added 48 of 1995 s. 13; Amended 24 of 1996 s. 11)

For the year of assessment 1996/97

First Column (section)	Second Column (the prescribed amount or percentage)
1. Section 28 (basic allowance)-	
(a) subsection (1)(a)	\$ 83000
(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 7000
(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$ 90000
(d) subsection (1)(b), being the prescribed percentage	0%
2. Section 29 (married person's allowance)-	
(a) subsection (3)(a)	\$166000
(b) subsection (3)(b), being the first reference to the prescribed amount	\$ 14000
(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$180000
(d) subsection (3)(b), being the prescribed percentage	0%

3.	Section 30 (dependent parent allowance)-	
	(a) subsection (3)(a)	\$ 24500
	(b) subsection (3)(b)	\$ 7000
	(c) subsection (4)(a)	\$ 1200
4.	Section 30A (dependent grandparent allowance)-	
	(a) subsection (3)(a)	\$ 24500
	(b) subsection (3)(b)	\$ 7000
	(c) subsection (4)(a)	\$ 1200
5.	Section 30B(1) (dependent brother or dependent sister allowance)	\$ 4500
6.	Section 31 (child allowance)-	
	(a) subsection (1)	(i) \$24500 for the first and second child (ii) \$12500 for each subsequent child
	(b) subsection (5)	\$136500
7.	Section 31A(1) (disabled dependent allowance)	\$ 15000
8.	Section 32(1) (single parent allowance)	\$ 45000

(Added 24 of 1996 s. 11. Amended 42 of 1997 s. 6)

For the year of assessment 1997/98

	First Column (section)	Second Column (the prescribed amount or percentage)
1.	Section 28 (basic allowance)-	
	(a) subsection (1)(a)	\$100000
	(b) subsection (1)(b), being the first reference to the prescribed amount	\$ 0
	(c) subsection (1)(b), being the references to the prescribed amount in subparagraphs (i) and (ii)	\$100000
	(d) subsection (1)(b), being the prescribed percentage	0%
2.	Section 29 (married person's allowance)-	
	(a) subsection (3)(a)	\$200000
	(b) subsection (3)(b), being the first reference to the prescribed amount	\$ 0
	(c) subsection (3)(b), being the references to the prescribed amount in subparagraphs (i), (ii) and (iii)	\$200000
	(d) subsection (3)(b), being the prescribed percentage	0%
3.	Section 30 (dependent parent allowance)-	
	(a) subsection (3)(a)	\$ 27000
	(b) subsection (3)(b)	\$ 8000
	(c) subsection (4)(a)	\$ 1200
4.	Section 30A (dependent grandparent allowance)-	
	(a) subsection (3)(a)	\$ 27000
	(b) subsection (3)(b)	\$ 8000
	(c) subsection (4)(a)	\$ 1200
5.	Section 30B(1) (dependent brother or dependent sister allowance)	\$ 27000
6.	Section 31 (child allowance)-	
	(a) subsection (1)	(i) \$27000 for the first and second child (ii) \$14000 for each subsequent child
	(b) subsection (5)	\$152000
7.	Section 31A(1) (disabled dependant allowance)	\$ 25000
8.	Section 32(1) (single parent allowance)	\$ 75000

(Added 42 of 1997 s. 6. Amended 31 of 1998 s. 23)

For the years of assessment 1998/99 to 2002/03 inclusive

First Column (section)	Second Column (the prescribed amount)
1. Section 28 (basic allowance)	\$108000
2. Section 29 (married person's allowance)	\$216000
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (4)(a)	\$ 12000
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (4)(a)	\$ 12000
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6. Section 31 (child allowance)-	
(a) subsection (1)	(i) \$30000 for each of the first and second children (ii) \$15000 for each subsequent child
(b) subsection (5)	\$165000
7. Section 31A(1) (disabled dependant allowance)	\$ 60000
8. Section 32(1) (single parent allowance)	\$108000

(Added 31 of 1998 s. 23. Amended 24 of 2003 s. 11; 4 of 2010 s. 18)

For the year of assessment 2003/04

First Column (section)	Second Column (the prescribed amount)
1. Section 28 (basic allowance)	\$104000
2. Section 29 (married person's allowance)	\$208000
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (4)(a)	\$ 12000
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (4)(a)	\$ 12000
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6. Section 31 (child allowance)-	
(a) subsection (1)	\$30000 each for the first to the ninth child
(b) subsection (5)	\$270000
7. Section 31A(1) (disabled dependant allowance)	\$ 60000
8. Section 32(1) (single parent allowance)	\$104000

(Added 24 of 2003 s. 11)

For the year of assessment 2004/05

First Column (section)	Second Column (the prescribed amount)
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1. Section 28 (basic allowance)	\$100000
2. Section 29 (married person's allowance)	\$200000
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (4)(a)	\$ 12000
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (4)(a)	\$ 12000
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6. Section 31 (child allowance)-	
(a) subsection (1)	\$30000 each for the first to the ninth child
(b) subsection (5)	\$270000
7. Section 31A(1) (disabled dependant allowance)	\$ 60000
8. Section 32(1) (single parent allowance)	\$100000

(Added 24 of 2003 s. 11. Amended 8 of 2005 s. 5)

For the years of assessment 2005/06 and 2006/07

First Column (section)	Second Column (the prescribed amount)
1. Section 28 (basic allowance)	\$100000
2. Section 29 (married person's allowance)	\$200000
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (3A)(a)	\$ 15000
(d) subsection (3A)(b)	\$ 15000
(e) subsection (4)(a)	\$ 12000
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 30000
(b) subsection (3)(b)	\$ 30000
(c) subsection (3A)(a)	\$ 15000
(d) subsection (3A)(b)	\$ 15000
(e) subsection (4)(a)	\$ 12000
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6. Section 31 (child allowance)-	
(a) subsection (1)	\$40000 each for the first to the ninth child
(b) subsection (5)	\$360000
7. Section 31A(1) (disabled dependant allowance)	\$ 60000
8. Section 32(1) (single parent allowance)	\$100000

(Added 8 of 2005 s. 5. Amended 10 of 2007 s. 8)

For the year of assessment 2007/08

First Column (section)	Second Column (the prescribed amount)
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1.	Section 28 (basic allowance)	\$100000
2.	Section 29 (married person's allowance)	\$200000
3.	Section 30 (dependent parent allowance)-	
	(a) subsection (3)(a)	\$ 30000
	(b) subsection (3)(b)	\$ 30000
	(c) subsection (3A)(a)	\$ 15000
	(d) subsection (3A)(b)	\$ 15000
	(e) subsection (4)(a)	\$ 12000
4.	Section 30A (dependent grandparent allowance)-	
	(a) subsection (3)(a)	\$ 30000
	(b) subsection (3)(b)	\$ 30000
	(c) subsection (3A)(a)	\$ 15000
	(d) subsection (3A)(b)	\$ 15000
	(e) subsection (4)(a)	\$ 12000
5.	Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6.	Section 31 (child allowance)-	
	(a) subsection (1)	\$50000 for each child
	(b) subsection (1A)	\$50000 for each child
	(c) subsection (5) (in relation to subsection (1))	\$450000
	(d) subsection (5) (in relation to subsection (1A))	\$450000
7.	Section 31A(1) (disabled dependant allowance)	\$ 60000
8.	Section 32(1) (single parent allowance)	\$100000

(Added 10 of 2007 s. 8. Amended 21 of 2008 s. 9)

For the years of assessment 2008/09
to 2010/11 inclusive

	First Column (section)	Second Column (the prescribed amount)
1.	Section 28 (basic allowance)	\$108000
2.	Section 29 (married person's allowance)	\$216000
3.	Section 30 (dependent parent allowance)-	
	(a) subsection (3)(a)	\$ 30000
	(b) subsection (3)(b)	\$ 30000
	(c) subsection (3A)(a)	\$ 15000
	(d) subsection (3A)(b)	\$ 15000
	(e) subsection (4)(a)	\$ 12000
4.	Section 30A (dependent grandparent allowance)-	
	(a) subsection (3)(a)	\$ 30000
	(b) subsection (3)(b)	\$ 30000
	(c) subsection (3A)(a)	\$ 15000
	(d) subsection (3A)(b)	\$ 15000
	(e) subsection (4)(a)	\$ 12000
5.	Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6.	Section 31 (child allowance)-	
	(a) subsection (1)	\$50000 for each child
	(b) subsection (1A)	\$50000 for each child
	(c) subsection (5) (in relation to subsection (1))	\$450000
	(d) subsection (5) (in relation to subsection (1A))	\$450000
7.	Section 31A(1) (disabled dependant allowance)	\$ 60000
8.	Section 32(1) (single parent allowance)	\$108000

(Added 21 of 2008 s. 9. Amended 9 of 2011 s. 6)

For the year of assessment 2011/12

First Column (section)	Second Column (the prescribed amount)
1. Section 28 (basic allowance)	\$108000
2. Section 29 (married person's allowance)	\$216000
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 36000
(b) subsection (3)(b)	\$ 36000
(c) subsection (3A)(a)	\$ 18000
(d) subsection (3A)(b)	\$ 18000
(e) subsection (4)(a)	\$ 12000
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 36000
(b) subsection (3)(b)	\$ 36000
(c) subsection (3A)(a)	\$ 18000
(d) subsection (3A)(b)	\$ 18000
(e) subsection (4)(a)	\$ 12000
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 30000
6. Section 31 (child allowance)-	
(a) subsection (1)	\$60000 for each child
(b) subsection (1A)	\$60000 for each child
(c) subsection (5) (in relation to subsection (1))	\$540000
(d) subsection (5) (in relation to subsection (1A))	\$540000
7. Section 31A(1) (disabled dependant allowance)	\$ 60000
8. Section 32(1) (single parent allowance)	\$108000

(Added 9 of 2011 s. 6. Amended 21 of 2012 s. 9)

For the year of assessment 2012/13 and
for each year after that year

FIRST COLUMN (section)	SECOND COLUMN (the prescribed amount)
1. Section 28 (basic allowance)	\$120000
2. Section 29 (married person's allowance)	\$240000
3. Section 30 (dependent parent allowance)-	
(a) subsection (3)(a)	\$ 38000
(b) subsection (3)(b)	\$ 38000
(c) subsection (3A)(a)	\$ 19000
(d) subsection (3A)(b)	\$ 19000
(e) subsection (4)(a)	\$ 12000
4. Section 30A (dependent grandparent allowance)-	
(a) subsection (3)(a)	\$ 38000
(b) subsection (3)(b)	\$ 38000
(c) subsection (3A)(a)	\$ 19000
(d) subsection (3A)(b)	\$ 19000
(e) subsection (4)(a)	\$ 12000
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 33000
6. Section 31 (child allowance)-	
(a) subsection (1)	\$63000 for each child

(b) subsection (1A)	\$63000 for each child
(c) subsection (5) (in relation to subsection (1))	\$567000
(d) subsection (5) (in relation to subsection (1A))	\$567000
7. Section 31A(1) (disabled dependant allowance)	\$ 66000
8. Section 32(1) (single parent allowance)	\$120000
	(Added 21 of 2012 s. 9)

Implications of the Proposal

Financial Implications

It is estimated that the proposed enhancements in child allowances and deduction ceiling for expenses of self-education will altogether cost the Government about \$420 million a year. The estimated revenue forgone arising from the proposed one-off reduction of salaries tax, tax under personal assessment and profits tax for the year of assessment 2012/13 is around \$9.4 billion.

Economic Implications

2. The proposed concessionary tax measures will help relieve the financial burden of taxpayers, and possibly generate some mild stimulus to consumer spending. The enhancement in the deduction ceiling for expenses of self-education would also encourage lifelong learning and should be conducive towards productivity upgrading of the workforce.

Sustainability Implications

3. The proposed concessionary tax measures are expected to generate economic benefits to households through increasing their disposable incomes and to promote social harmony through alleviating taxpayers' burden in raising children. The proposed one-off reduction of profits tax will encourage enterprises to make more reinvestment with a view to enhancing their competitiveness.

Family Implications

4. By relieving the financial burden of families in raising their children, the proposed increases in child allowances help enhance parents' capability to provide financial support for their children.