

TECHNICAL

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Direct Taxation

**TAX INCENTIVE FOR EAST COAST ECONOMIC REGION (ECER) – EXEMPTION OF STATUTORY INCOME FROM A SPECIAL QUALIFYING ACTIVITY IN THE ECER**

**[Income Tax \(Exemption\) \(No.5\) Order 2016 \[P.U \(A\) 158/2016\]](#)**

The above Order was gazetted on 13 June 2016 and is deemed to have come into operation from 13 June 2008.

This Order grants exemption from income tax in respect of the statutory income (SI) for the basis period for a year of assessment (YA), derived from a *special qualifying activity* carried on by a qualifying person.

**Special qualifying activity (SQA)**

“Special qualifying activity” is defined in paragraph 4 as follows:

4. *A special qualifying activity referred to in this Order is set out in column (2) of the [Schedule](#)–*
  - (a) *which has not been carried on in the East Coast Economic Region on the date the application referred to in subparagraph 6(4) is made; or*
  - (b) *which has been carried on in the East Coast Economic Region (ECER) not more than one year prior to the date the application referred to in subparagraph 6(4) is made,*

*and approved by the Minister.*

**Exemption**

All the provisions governing the exemption as provided in this Order are the same as the provisions of the [Income Tax \(Exemption\)\(No. 4\) Order 2016 \[P.U.\(A\) 157/2016\]](#) (“that Order”) which is the subject of our [e-CTIM TECH-DT 52/2016](#), except for the following:

1. The word “qualifying activity” wherever appearing in that Order, is replaced by the word “special qualifying activity” in this Order;
2. Qualifying capital expenditure (QCE) is set out in column (3) of the [Schedule](#) in this Order.
3. Exemption from income tax is granted in respect of SI for the basis period for a YA derived from a SQA, which is equivalent to the rate of allowance as specified by the Minister which shall not be less than 60% and not more than 100% of the QCE incurred by the QP. (Paragraph 6(1))
4. The exemption is granted for a period of consecutive years as determined by the Minister, commencing from the date the first QCE is incurred by the QP as determined by the ECER Development Council. (Paragraph 6(2))

The [Schedule](#) in this Order sets out the SQAs (Column (2)) and the QCE applicable to each SQA (column (3)).

Members may read the Order in full at the official website of the [Attorney-General's Chambers](#).

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