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Notification No. B 61 — The Estate Duty (Amendment) Bill is hereby published for general information. It was introduced in Parliament on the 19th day of October 2004.

Estate Duty (Amendment) Bill

Bill No. 61/2004.

Read the first time on 19th October 2004.

A BILL

i n t i t u l e d

An Act to amend the Estate Duty Act (Chapter 96 of the 2001 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title

1. This Act may be cited as the Estate Duty (Amendment) Act 2004.

Amendment of section 14

2. Section 14(7) of the Estate Duty Act (referred to in this Act as the principal Act) is amended by deleting paragraph (a) and substituting the following paragraph:

“(a) approved under the Home Office Scheme by the Urban Redevelopment Authority or the Housing and Development Board; or”.

Amendment of section 27

3. Section 27 of the principal Act is amended —

- (a) by deleting the words “\$1,000 or 5% of the ascertained value of the estate, whichever is the smaller” in the 3rd and 4th lines of subsection (1) and substituting the words “the amount specified in subsection (5)”;

- (b) by inserting, immediately after subsection (4), the following subsection:

“(5) For the purpose of subsection (1), the amount specified —

- (a) in the case of a person dying before 1st January 2005, is \$1,000 or 5% of the ascertained value of the estate, whichever is the smaller;

- (b) in the case of a person dying on or after 1st January 2005, is \$6,000.”.

Amendment of section 31

4. Section 31(1) of the principal Act is amended by inserting, immediately after the words “any interest”, the word “, penalty”.

Amendment of section 36

5. Section 36 of the principal Act is amended —

- (a) by deleting subsection (1) and substituting the following subsections:

“(1) Subject to the provisions of this Act, simple interest at the appropriate rates specified in the Sixth Schedule shall be payable upon all estate duty, and shall be recoverable in the same manner as if it were part of the duty —

- 5 (a) in the case of a person dying before 1st January 2005, from the date of death of the deceased to the date of payment of the duty;
- (b) in the case of a person dying on or after 1st January 2005, from the date of death of the deceased to
10 whichever of the following dates occurs first:
 - (i) the date of receipt by the Commissioner of an estate duty return without omission of assets;
 - (ii) the date of the notice of assessment; or
 - (iii) the date of payment of the duty.

15 (1A) In the case of a person dying on or after 1st January 2005, if any estate duty or interest thereon is not paid in full on or before the relevant date —

- (a) a penalty equal to 6% per year of the unpaid estate duty shall be added thereto for the first complete
20 month that the duty remains unpaid after the relevant date; and
- (b) an additional penalty of 1% per year of the unpaid estate duty shall be payable for each subsequent complete month that the duty remains unpaid, subject
25 to a maximum of 12% per year of the amount of unpaid duty.

(1B) In subsection (1A) —

 “relevant date” means the date 30 days after the date of the notice of assessment, or the date 6 months after the date
30 of death of the deceased, whichever is the later;

 “unpaid estate duty” includes any interest payable under subsection (1)(b).”;

- (b) by deleting subsection (4) and substituting the following subsections:

“(4) In cases where estate duty is payable when an interest in expectancy falls into possession, interest on the estate duty shall be payable at the appropriate rates specified in the Sixth Schedule —

- 5 (a) in the case of a person dying before 1st January 2005, from the date when such interest falls into possession to the date of payment;
- 10 (b) in the case of a person dying on or after 1st January 2005, from the date when such interest falls into possession to whichever of the following dates occurs first:
- 15 (i) the date of receipt by the Commissioner of a further estate duty return or further account in relation to such interest which falls into possession;
- (ii) the date of a further notice of assessment in relation to such interest which falls into possession; or
- (iii) the date of payment of the duty,
- 20 and if the duty or interest thereon, if any, is not paid in full within 30 days from the date of the further notice of assessment, a penalty shall be payable at the rates specified in subsection (1A).
- 25 (4A) For the purposes of determining the penalty payable under subsection (4)(b), the references in subsection (1A) to —
- (a) the relevant date shall be read as the date 30 days after the date of the further notice of assessment, or the date 6 months after the date of death of the deceased, whichever is the later; and
- 30 (b) the unpaid estate duty shall be read as the unpaid estate duty payable on such interest in expectancy which falls into possession, and includes any interest payable under subsection (4)(b).”; and
- 35 (c) by inserting, immediately after the word “duty” in the section heading, the words “and penalty for late payment”.

Amendment of section 38

6. Section 38 of the principal Act is amended by deleting the words “or interest thereon” in subsections (1) and (2) and substituting in each case the words “, interest thereon or penalty”.

Amendment of section 45

7. Section 45 of the principal Act is amended by deleting the words “and interest thereon” and substituting the words “, interest thereon and penalty”.

Amendment of section 46

10 **8.** Section 46 of the principal Act is amended —

- (a) by deleting the word “and” at the end of subsection (1)(b);
- (b) by deleting paragraph (c) of subsection (1) and substituting the following paragraphs:

15 “(c) at the same time pay to the Commissioner interest upon such difference at the appropriate rates specified in the Sixth Schedule from the date of the death, or from such subsequent date as the Commissioner may in the circumstances think proper —

20 (i) in the case of a person dying before 1st January 2005, to the date of payment;

(ii) in the case of a person dying on or after 1st January 2005, to whichever of the following dates occurs first:

25 (A) the date of receipt by the Commissioner of the further estate duty return or further account required under paragraph (a) without omission of assets;

(B) the date of the notice of assessment of the difference; or

30 (C) the date of payment; and

(d) in the case of a person dying on or after 1st January 2005, if the difference or interest thereon, if any, is not paid in full within 30 days from the date of the

notice of assessment of the difference, pay to the Commissioner a penalty at the rates specified in section 36(1A).”; and

- (c) by inserting, immediately after subsection (1), the following subsection:

“(1A) For the purposes of determining the penalty payable under subsection (1)(d), the references in section 36(1A) to —

(a) the relevant date shall be read as the date 30 days after the date of the notice of assessment of the difference, or the date 6 months after the date of death of the deceased, whichever is the later; and

(b) the unpaid estate duty shall be read as the unpaid difference, and includes any interest payable under subsection (1)(c).”.

15 **Amendment of section 47**

9. Section 47 of the principal Act is amended —

(a) by deleting the words “or interest thereon” wherever they appear in subsection (1) and substituting in each case the words “, interest thereon or penalty”;

(b) by deleting the words “and interest” wherever they appear in subsection (2) and substituting in each case the words “, interest and penalty”; and

(c) by deleting the words “or interest” in subsection (4) and substituting the words “, interest or penalty”.

25 **Amendment of section 58**

10. Section 58 of the principal Act is amended by deleting subsection (1) and substituting the following subsection:

“(1) Every notice given by the Commissioner, a Deputy Commissioner or an officer authorised by the Commissioner under section 4(4) shall bear the name of the Commissioner, Deputy Commissioner or officer, as the case may be, and every such notice shall, if the name of the Commissioner, Deputy Commissioner or officer is duly printed or stamped thereon, be as valid and effectual as

if it were signed by the Commissioner, Deputy Commissioner or officer, as the case may be.”.

Repeal and re-enactment of Sixth Schedule

5 **11.** The Sixth Schedule to the principal Act is repealed and the following Schedule substituted therefor:

“SIXTH SCHEDULE

Sections 36(1) and (4)
and 46(1)

RATES OF INTEREST

<i>Person dying</i>	<i>Period</i>	<i>Rate of Interest</i>
Before 1st January 1965	From the date of death to the date of payment of the estate duty	4% per year on the amount of the unpaid estate duty.
On or after 1st January 1965 and before 1st January 2005	1. From the date of death to the date of payment of the estate duty or the expiration of 6 months from the date of death, whichever first occurs	3% per year on the amount of the unpaid estate duty except that the Commissioner shall reduce the rate to zero if he is satisfied that the estate duty return received within 6 months after the date of death is complete and without omission of assets.
	2. If any part of the estate duty is not paid within 6 months from the date of death, from the expiration of those 6 months to the date of payment of that part of the estate duty or the expiration of 18 months from the date of death, whichever first occurs	6% per year on the amount of the unpaid estate duty except that the Commissioner shall reduce the rate to 3% per year if he is satisfied that there was reasonable cause for the delay in payment or furnishing information to the Commissioner.

<i>Person dying</i>	<i>Period</i>	<i>Rate of Interest</i>
	3. If any part of the estate duty is not paid within 18 months from the date of death, from the expiration of those 18 months to the date of payment of that part of the estate duty	12% per year on the amount of the unpaid estate duty except that the Commissioner shall reduce the rate to 6% per year if he is satisfied that there was reasonable cause for the delay in payment or furnishing information to the Commissioner.
On or after 1st January 2005	1. For the first 6 months after the date of death	0%.
	2. From the date 6 months after the date of death to the — (a) date of receipt of an estate duty return without omission of assets; (b) date of notice of assessment; (c) date of full payment of the estate duty; or (d) expiration of 18 months from the date of death, whichever first occurs.	6% per year on the amount of the unpaid estate duty except that if the Commissioner is satisfied that there was reasonable cause for not filing an estate duty return without omission of assets, or for the delay in filing the estate duty return or furnishing information, he may reduce the rate charged to a rate not less than the prevailing prime lending rate of banks in Singapore.
	3. From the date 18 months after the date of death to the — (a) date of receipt of an estate duty return without omission of assets; (b) date of notice of assessment; or (c) date of full payment of the estate duty, whichever first occurs.	12% per year on the amount of the unpaid estate duty except that if the Commissioner is satisfied that there was reasonable cause for not filing an estate duty return without omission of assets, or for the delay in filing the estate duty return or furnishing information, he may reduce the rate charged to a rate not less than the prevailing prime lending rate of banks in Singapore.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Estate Duty Act (Cap. 96) to further improve the administration and collection of estate duty.

Clause 1 relates to the short title.

Clause 2 amends section 14(7) to reflect that the Technopreneur Home Office Scheme is currently replaced by the Home Office Scheme which is administered by the Urban Redevelopment Authority or the Housing and Development Board.

Clause 3 amends section 27 to raise the maximum allowance for funeral expenses from \$1,000 or 5% of the ascertained value of the estate, whichever is the smaller, to \$6,000.

Clause 4 makes a consequential amendment to section 31(1).

Clause 5 amends section 36 —

- (a) by deleting and substituting subsection (1) and inserting new subsections (1A) and (1B); and
- (b) by deleting and substituting subsection (4) and inserting a new subsection (4A).

The new subsection (1), to be read with the Sixth Schedule, provides revised rates of interest on estate duty payable for persons dying on or after 1st January 2005. Interest is payable on the unpaid estate duty from the date of death of the deceased to whichever of the following dates occurs first:

- (a) the date of receipt by the Commissioner of Estate Duties (the Commissioner) of an estate duty return without omission of assets;
- (b) the date of the notice of assessment; or
- (c) the date of payment of the duty.

Rates of interest payable on estate duty for persons dying before 1st January 2005 remain unchanged.

The new subsection (1A) imposes a penalty for late payment of estate duty for persons dying on or after 1st January 2005 at the rate of 6% per year of the unpaid estate duty for the first complete month that the duty remains unpaid, with an additional 1% for each subsequent complete month that the duty remains unpaid, subject to a maximum of 12% per year. The penalty is payable if the estate duty or any interest thereon is not paid within 30 days from the date of the notice of assessment, or within 6 months from the date of death of the deceased, whichever is the later.

The new subsection (1B) defines certain terms used in the new subsection (1A).

The new subsection (4) provides for the revised interest rates and penalty for persons dying on or after 1st January 2005 to apply to estate duty payable when an interest in expectancy falls into possession.

The new subsection (4A) defines certain terms relating to the penalty under the new subsection (4).

Clauses 6 and 7 make consequential amendments to sections 38 and 45, respectively.

Clause 8 amends section 46 to provide for the revised interest rates and penalty for persons dying on or after 1st January 2005 to apply to the payment of additional estate duty, and defines certain terms relating to that penalty.

Clause 9 makes consequential amendments to section 47.

Clause 10 amends section 58(1) to allow notices issued under the Act to bear the name of the officer authorised by the Commissioner under section 4(4) to issue notices.

Clause 11 repeals and re-enacts the Sixth Schedule to specify the rates of interest payable on estate duty for persons dying on or after 1st January 2005, and to empower the Commissioner to reduce the rate of interest to a rate not less than the prevailing prime lending rate of banks in Singapore in certain circumstances.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
