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No. S 694

INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(AMALGAMATION OF COMPANIES)
(AMENDMENT) REGULATIONS 2013

In exercise of the powers conferred by section 34C(30) of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Amalgamation of Companies) (Amendment) Regulations 2013 and shall, with the exception of regulations 2, 6 and 7, come into operation on 13th November 2013.

(2) Regulation 2 shall be deemed to have come into operation on 1st June 2012.

(3) Regulation 6 shall be deemed to have come into operation on 1st April 2010.

(4) Regulation 7 shall be deemed to have come into operation on 17th February 2012.

New regulation 5A

2. The Income Tax (Amalgamation of Companies) Regulations 2011 (G.N. No. S 154/2011) (referred to in these Regulations as the principal Regulations) are amended by inserting, immediately after regulation 5, the following regulation:

"**Modifications to section 13Z of Act (Exemption of gains or profits from disposal of ordinary shares)**

5A.—(1) The application of section 13Z of the Act to any gains or profits derived by the amalgamated company from the disposal of ordinary shares in another company (referred to in this regulation as the investee company), being ordinary shares transferred to the amalgamated company by any of the

amalgamating companies (referred to in this regulation as the transferor company) on the date of amalgamation, shall be subject to the modifications set out in this regulation.

(2) In determining, for the purpose of section 13Z(1)(*b*) of the Act, whether the amalgamated company has, at all times during a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of the shares, legally and beneficially owned at least 20% of the ordinary shares in the investee company, the legal and beneficial ownership of the transferor company of the ordinary shares in the investee company shall be treated as that of the amalgamated company, and section 13Z(4) of the Act shall apply accordingly.

(3) The reference in section 13Z(3) of the Act to outgoings and expenses wholly and exclusively incurred by the divesting company in the production of the gains or profits from the disposal of shares, including the expenses referred to in paragraphs (*a*) to (*f*) of that provision, include a reference to outgoings and expenses wholly and exclusively incurred by the transferor company in relation to the acquisition of the shares disposed of, including the expenses referred to in paragraphs (*a*) to (*f*) of that provision as they relate to such acquisition (with the reference in those paragraphs to money borrowed by the divesting company substituted with a reference to money borrowed by the transferor company).

(4) For the purpose of section 13Z(5) of the Act, the reference to an amount referred to in section 13Z(6) of the Act which is attributable to any of the shares disposed of and which has been allowed as a deduction to the divesting company for any year of assessment prior to the year of assessment relating to the basis period in which the shares are disposed of, includes a reference to any such amount which is attributable to any of the shares disposed of and which has been allowed as a deduction to the transferor company for any year of assessment up to and including the year of assessment which relates to the basis period in which the date of amalgamation falls.

(5) For the purpose of section 13Z(7) of the Act, the reference to any write-back for a diminution in the value of the shares, or profit recognised in accordance with FRS 39 or SFRS for Small Entities, which is attributable to any of the shares disposed of, and which has been charged to tax as income of

the divesting company for any year of assessment prior to the year of assessment relating to the basis period in which the shares are disposed of, includes a reference to such write-back or profit which is attributable to any of the shares disposed of and which has been charged to tax as income of the transferor company for any year of assessment up to and including the year of assessment which relates to the basis period in which the date of amalgamation falls.".

New regulation 5B

3. The principal Regulations are amended by inserting, immediately after regulation 5A, the following regulation:

"**Modifications to provisions of Act in relation to Productivity and Innovation Credit Scheme**

5B.—(1) Where the date of amalgamation falls within the basis period for the year of assessment 2011, the amount of any PIC expenditure under a PIC provision incurred by the amalgamated company during the basis periods for the years of assessment 2011 and 2012 for which a deduction or allowance may be allowed or made to it under that PIC provision for those years of assessment shall be determined as follows:

(*a*) for the year of assessment 2011, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2011; and

(ii) an amount computed in accordance with the formula:

$$\$800{,}000 - X_1,$$

where X_1 is the aggregate of every amount of PIC expenditure under that PIC provision incurred by an amalgamating company during the basis period for the year of assessment 2011 for which a deduction or allowance is allowed or made to that company under that PIC provision, including any such expenditure for which a cash payout is granted to that company under section 37I of the Act;

(*b*) for the year of assessment 2012, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2012; and

(ii) the balance after deducting from $800,000 the aggregate of —

(A) X_1 referred to in sub-paragraph (*a*)(ii); and

(B) the lower of the amounts specified in sub-paragraph (*a*)(i) and (ii).

(2) Where the date of amalgamation falls within the basis period for the year of assessment 2012, the amount of any PIC expenditure under a PIC provision incurred by the amalgamated company during the basis period for that year of assessment for which a deduction or allowance may be allowed or made to it under that PIC provision for that year of assessment shall be the lower of —

(*a*) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2012; and

(*b*) an amount computed in accordance with the formula:

$$\$800{,}000 - X_2,$$

where X_2 is the aggregate of every amount of PIC expenditure under that PIC provision incurred by an amalgamating company during the basis period for the year of assessment 2011 or 2012, for which a deduction or allowance is allowed or made to that company under that PIC provision, including any such expenditure for which a cash payout is granted to that company under section 37I of the Act.

(3) Where the date of amalgamation falls within the basis period for the year of assessment 2013, the amount of any PIC expenditure under a PIC provision incurred by the amalgamated company during the basis periods for the years of assessment 2013, 2014 and 2015 for which a deduction or allowance may be allowed or made to it under that PIC provision for those years of assessment shall be determined as follows:

(*a*) for the year of assessment 2013, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2013; and

(ii) an amount computed in accordance with the formula:

$$\$1{,}200{,}000 - X_3,$$

where X_3 is the aggregate of every amount of PIC expenditure under that PIC provision incurred by an amalgamating company during the basis period for the year of assessment 2013 for which a deduction or allowance is allowed or made to that company under that PIC provision, including any such expenditure for which a cash payout is granted to that company under section 37I of the Act;

(*b*) for the year of assessment 2014, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2014; and

(ii) the balance after deducting from $1,200,000 the aggregate of —

(A) X_3 referred to in sub-paragraph (*a*)(ii); and

(B) the lower of the amounts specified in sub-paragraph (*a*)(i) and (ii);

(*c*) for the year of assessment 2015, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2015; and

(ii) the balance after deducting from $1,200,000 the aggregate of —

(A) X_3 referred to in sub-paragraph (*a*)(ii);

(B) the lower of the amounts specified in sub-paragraph (*a*)(i) and (ii); and

(C) the lower of the amounts specified in sub-paragraph (*b*)(i) and (ii).

(4) Where the date of amalgamation falls within the basis period for the year of assessment 2014, the amount of any PIC expenditure under a PIC provision incurred by the amalgamated company during the basis periods for the years of assessment 2014 and 2015 for which a deduction or allowance may be allowed or made to it under that PIC provision for those years of assessment shall be determined as follows:

(*a*) for the year of assessment 2014, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2014; and

(ii) an amount computed in accordance with the formula:

$$\$1{,}200{,}000 - X_4,$$

where X_4 is the aggregate of every amount of PIC expenditure under that PIC provision incurred by an amalgamating company during the basis period for the year of assessment 2013 or 2014 for which a deduction or allowance is allowed or made to that company under that PIC provision, including any such expenditure for which a cash payout is granted to that company under section 37I of the Act;

(*b*) for the year of assessment 2015, the lower of —

(i) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2015; and

(ii) the balance after deducting from $1,200,000 the aggregate of —

(A) X_4 referred to in sub-paragraph (*a*)(ii); and

(B) the lower of the amounts specified in sub-paragraph (*a*)(i) and (ii).

(5) Where the date of amalgamation falls within the basis period in the year of assessment 2015, the amount of any PIC expenditure under a PIC provision incurred by the amalgamated company during the basis period for that year of assessment for which a deduction or allowance may be allowed or made to it under that PIC provision for that year of assessment shall be the lower of —

(*a*) the amount of the PIC expenditure under that PIC provision incurred by the amalgamated company during the basis period for the year of assessment 2015; and

(*b*) an amount computed in accordance with the formula:

$$\$1{,}200{,}000 - X_5,$$

where X_5 is the aggregate of every amount of PIC expenditure under that PIC provision incurred by an amalgamating company during the basis period for the year of assessment 2013, 2014 or 2015, for which a deduction or allowance is allowed or made to that company under that PIC provision, including any such expenditure for which a cash payout is granted to that company under section 37I of the Act.

(6) For the avoidance of doubt, the deduction or allowance which may be allowed or made to the amalgamated company under paragraphs (1) to (5) shall be subject to section 37I(14A) of the Act.

(7) For the purpose of determining the applicability of section 14A(1C), 14DA(5), 14R(4), 14S(2A), 14T(5), 19A(2BA) or 19B(1BA) of the Act (reduction of the expenditure used for computing the deduction or allowance where the person claiming it did not carry on a trade or business during a specified basis period) to an amalgamating company and the amalgamated company in a case where the date of amalgamation falls within the basis period for the year of assessment 2011 or 2012 —

(*a*) in relation to the amalgamating company, any trade or business carried on by the amalgamated company on or after the date of amalgamation, shall be deemed to

have been carried on by the amalgamating company as if the amalgamating company existed on or after that date; and

(*b*) in relation to the amalgamated company, any trade or business carried on by any of the amalgamating companies prior to the date of amalgamation, shall be deemed to have been carried on by the amalgamated company as if the amalgamated company existed prior to that date.

(8) For the purpose of determining the applicability of section 14A(1D), 14DA(5), 14R(5), 14S(2B), 14T(6), 19A(2BB) or 19B(1BB) of the Act (reduction of the expenditure used for computing the deduction or allowance where the person claiming it did not carry on a trade or business during one or 2 specified basis periods) to an amalgamating company and the amalgamated company in a case where the date of amalgamation falls within the basis period for the year of assessment 2013, 2014 or 2015 —

(*a*) in relation to the amalgamating company, any trade or business carried on by the amalgamated company on or after the date of amalgamation shall be deemed to have been carried on by the amalgamating company as if the amalgamating company existed on or after that date; and

(*b*) in relation to the amalgamated company, any trade or business carried on by any of the amalgamating companies prior to the date of amalgamation shall be deemed to have been carried on by the amalgamated company as if the amalgamated company existed prior to that date.

(9) In this regulation —

"Productivity and Innovation Credit Scheme expenditure" or "PIC expenditure", in relation to any PIC provision, means —

(*a*) in the case of section 14A(1A) or (1B) of the Act, qualifying intellectual property registration costs under that provision;

(*b*) in the case of section 14DA(2) of the Act, qualifying expenditure under that section;

(*c*) in the case of section 14R(1) or (2) of the Act, qualifying training expenditure under that provision;

(*d*) in the case of section 14S(1) or (2) of the Act, qualifying design expenditure under that provision;

(*e*) in the case of section 14T(1) or (2) of the Act read with section 14T(6C) of the Act, expenditure on the leasing of any PIC automation equipment under a qualifying lease or procuring cloud computing services under that provision;

(*f*) in the case of section 19A(2A) or (2B) of the Act, capital expenditure on the provision of any PIC automation equipment under that provision; and

(*g*) in the case of section 19B(1A) or (1B) of the Act, capital expenditure in acquiring any intellectual property rights under that provision;

"PIC provision" means any of the following provisions of the Act:

(*a*) section 14A(1A) or (1B);

(*b*) section 14DA(2);

(*c*) section 14R(1) or (2);

(*d*) section 14S(1) or (2);

(*e*) section 14T(1) or (2);

(*f*) section 19A(2A) or (2B);

(*g*) section 19B(1A) or (1B).".

Amendment of regulation 7

4. Regulation 7 of the principal Regulations is amended by inserting, immediately after paragraph (2), the following paragraph:

"(3) For the purpose of paragraph (2)(*a*)(i)(B) and (ii)(B), in relation to the basis period for the year of assessment 2013 or a subsequent year of assessment, the reference to "$150,000" shall be read as a reference to "$300,000".".

New regulation 11A

5. The principal Regulations are amended by inserting, immediately after regulation 11, the following regulation:

"**Modifications to section 37I of Act (Cash payout under Productivity and Innovation Credit Scheme)**

11A.—(1) Where the date of amalgamation falls within the basis period for the year of assessment 2011, then, for the purpose of computing the amount of cash payout to be given under section 37I of the Act to the amalgamated company for the year of assessment 2011 or 2012, the references to "$200,000" in section 37I(3)(*a*)(ii) and (*b*)(ii) of the Act shall each be read as a reference to the amount computed in accordance with the formula:

$$\$200{,}000 - Y_1,$$

where Y_1 is the aggregate of every amount of expenditure for which an amalgamating company has made an election for a cash payout in lieu of a deduction or allowance under section 37I of the Act for the year of assessment 2011.

(2) Where the date of amalgamation falls within the basis period for the year of assessment 2012, then, for the purpose of computing the amount of cash payout to be given under section 37I of the Act to the amalgamated company for the year of assessment 2012, the reference to "$200,000" in section 37I(3)(*b*)(ii) of the Act shall be read as a reference to the amount computed in accordance with the formula:

$$\$200{,}000 - Y_2,$$

where Y_2 is the aggregate of every amount of expenditure for which an amalgamating company has made an election for a cash payout in lieu of a deduction or allowance under section 37I of the Act for the year of assessment 2011 or 2012.

(3) Where the date of amalgamation falls within the basis period for the year of assessment 2013, 2014 or 2015, then, for the purpose of computing the amount of cash payout to be given under section 37I of the Act to the amalgamated company, the reference to "$100,000" in section 37I(4)(*b*) of the Act shall be read as a reference to the amount computed in accordance with the formula:

$$\$100{,}000 - Y_3,$$

where Y_3 is the aggregate of every amount of expenditure for which an amalgamating company has made an election for a cash payout in lieu of a deduction or allowance under section 37I of the Act for the year of assessment 2013, 2014 or 2015, as the case may be.

(4) For the purpose of determining the applicability of section 37I(3A) of the Act (reduction of the selected expenditure used for computing the cash payout where the person which elected for the payout did not carry on a trade, profession or business during a specified basis period) to an amalgamating company and the amalgamated company in a case where the date of amalgamation falls within the basis period for the year of assessment 2011 or 2012 —

(*a*) in the case of an amalgamating company, any trade or business carried on by the amalgamated company on or after the date of amalgamation shall be deemed to have been carried on by the amalgamating company as if the amalgamating company existed on or after that date; and

(*b*) in the case of the amalgamated company, any trade or business carried on by any of the amalgamating companies prior to the date of amalgamation shall be deemed to have been carried on by the amalgamated company as if the amalgamated company existed prior to that date.".

New Division 1A of Part III and new regulations 12A to 12F

6. The principal Regulations are amended by inserting, immediately after regulation 12, the following Division:

"*Division 1A — Specific Modifications to section 37L of Act*

Interpretation of this Division

12A.—(1) In this Division, a qualifying acquisition by a company of ordinary shares in another company is one which qualifies for a deduction under section 37L of the Act, and a reference to a target company is a reference to that other company.

(2) For the purposes of this Division, the shareholders of a company (referred to in this paragraph as the first company) on any date are substantially the same as the shareholders of the first company or another company (referred to in this paragraph as the second company) on any other date if not less than 50% of the total number of issued shares of the first company on the first-mentioned date, and not less than 50% of the total number of issued shares of the first company or second company (as the case may be) on the second-mentioned date, are held by or on behalf of the same persons.

(3) For the purposes of paragraph (2) —

(*a*) shares in a company held by or on behalf of another company shall be deemed to be held by the shareholders of that other company; and

(*b*) shares held by or on behalf of the trustee of the estate of a deceased shareholder or by or on behalf of the person entitled to those shares as beneficiaries under the will or any intestacy of a deceased shareholder shall be deemed to be held by that deceased shareholder.

Treatment of deduction under section 37L of Act (Deduction for acquisition of shares of companies) to which amalgamating company which has ceased to exist is entitled

12B.—(1) Subject to paragraph (3), where —

(*a*) an amalgamating company ceases to exist upon the amalgamation in a basis period relating to any year of assessment;

(*b*) if not for the amalgamation, the amalgamating company would have been entitled in any subsequent year of assessment to any deduction under section 37L of the Act in relation to any qualifying acquisition of ordinary shares in another company; and

(*c*) the shares are transferred to the amalgamated company pursuant to the amalgamation,

then section 37L of the Act shall apply as if the amalgamated company were the amalgamating company, for the purpose of allowing the deduction under sub-paragraph (*b*) to the amalgamated company.

(2) Subject to paragraph (3), where —

(*a*) an amalgamating company ceases to exist upon the amalgamation in a basis period relating to any year of assessment;

(*b*) if not for the amalgamation, the amalgamating company would have been entitled in any subsequent year of assessment to any deduction under section 37L of the Act in relation to any qualifying acquisition of ordinary shares in another company; and

(*c*) that other company is the amalgamated company,

then section 37L of the Act shall apply as if the amalgamated company were the amalgamating company and with all other necessary modifications, for the purpose of allowing the deduction under sub-paragraph (*b*) to the amalgamated company.

(3) Paragraphs (1) and (2) apply only if the Comptroller is satisfied that —

(*a*) the shareholders of the amalgamated company on the date of amalgamation are substantially the same as the shareholders of the amalgamating company on the date of the qualifying acquisition of shares in the target company for which the deduction is allowed, unless the Minister or such person as he may appoint has waived this requirement for the case in question and all conditions imposed by the Minister or the person have been satisfied;

(*b*) the shareholders of the amalgamated company on the first day of the year of assessment in which the deduction is to be allowed to it are substantially the same as its shareholders on the date of amalgamation; and

(*c*) on the date of amalgamation, the amalgamated company carries on the same trade or business as that carried on by the amalgamating company immediately before that date.

Modification of section 37L of Act when target company is another amalgamating company which ceases to exist after amalgamation

12C. Where —

(*a*) before the amalgamation, an amalgamating company made a qualifying acquisition of ordinary shares in another company;

(*b*) the target company is another amalgamating company and it ceases to exist upon the amalgamation; and

(*c*) the amalgamating company referred to in paragraph (*a*) continues in existence after the amalgamation as the amalgamated company,

then, for the purpose of determining whether a deduction under section 37L of the Act may be made to the amalgamated company in respect of the expenditure for that acquisition of shares, the amalgamated company shall not be regarded as having divested of its shares in the target company for the purposes of section 37L(17)(*c*) or (*d*) by virtue only of the operation of section 34C(7) of the Act (amalgamating company treated as having disposed of shares in another amalgamating company immediately before amalgamation).

Treatment of unabsorbed deduction under section 37L of Act of amalgamating company which ceases to exist

12D.—(1) Subject to paragraphs (2) and (4), where —

(*a*) an amalgamating company ceases to exist upon the amalgamation; and

(*b*) the amalgamating company has any deduction allowed under section 37L of the Act that remains unabsorbed on the date of amalgamation by reason of an insufficiency of gains or profits chargeable for any year of assessment (referred to in this regulation as the year of assessment with the shortfall),

then section 37L of the Act (other than subsection (21) of that section) shall apply as if the amalgamated company were the amalgamating company, for the purpose of allowing the unabsorbed deduction to be made against the income of the amalgamated company.

(2) Paragraph (1) applies only if —

(*a*) the amalgamating company was carrying on a trade or business up to the last day immediately before the date of amalgamation;

(*b*) the amalgamated company continues to carry on the same trade or business on the date of amalgamation as that of the amalgamating company; and

(*c*) the Comptroller is satisfied that —

(i) where the date of amalgamation is before the last day of the year of assessment with the shortfall, the shareholders of the amalgamating company on the day immediately before the date of amalgamation were substantially the same as the shareholders of the amalgamated company on the first day of the year of assessment in which the unabsorbed deduction is to be allowed to the amalgamated company under this regulation; or

(ii) where the date of amalgamation is on or after the last day of the year of assessment with the shortfall, the shareholders of the amalgamating company on the last day of that year of assessment were substantially the same as the shareholders of the amalgamated company on the first day of the year of assessment in which the unabsorbed deduction is to be allowed to the amalgamated company under this regulation.

(3) The Minister or such person as he may appoint may, where the shareholders of an amalgamating company are not substantially the same as the shareholders of the amalgamated company and he is satisfied that the change in the shareholders is not for the purpose of deriving any tax benefit or obtaining any tax advantage, exempt the amalgamated company from paragraph (2)(*c*).

(4) Any deduction referred to in paragraph (1) shall only be made against the income of the amalgamated company from the same trade or business as that of the amalgamating company immediately before the amalgamation.

Modifications of section 37L of Act when amalgamated company incurs contingent consideration for acquisition by amalgamating company

12E.—(1) Subject to paragraph (2) and regulation 12F, where —

(*a*) an amalgamating company made a qualifying acquisition of ordinary shares in another company;

(*b*) the amalgamating company ceases to exist upon the amalgamation; and

(*c*) the amalgamated company incurs capital expenditure in the form of contingent consideration in respect of that qualifying acquisition for which the amalgamating company would have been entitled to a deduction under section 37L of the Act if the amalgamation had not occurred and the amalgamating company had incurred the expenditure,

then section 37L of the Act shall apply as if the amalgamated company were the amalgamating company, for the purpose of allowing the deduction referred to in sub-paragraph (*c*) to the amalgamated company.

(2) Paragraph (1) applies only if the Comptroller is satisfied that —

(*a*) the shareholders of the amalgamated company on the date of amalgamation are substantially the same as the shareholders of the amalgamating company on the date of the qualifying acquisition of shares in the target company referred to in paragraph (1)(*a*), unless the Minister or such person as he may appoint has waived this requirement for the case in question and all conditions imposed by the Minister or the person have been satisfied;

(*b*) the shareholders of the amalgamated company on the first day of the year of assessment in which the deduction is to be allowed to it are substantially the same as its shareholders on the date of amalgamation; and

(*c*) on the date of amalgamation, the amalgamated company carries on the same trade or business as that carried on by the amalgamating company immediately before that date.

Modification to cap on deduction allowable to amalgamated company in respect of capital expenditure under section 37L of Act

12F.—(1) This regulation applies for the purpose of computing the total amount of deduction to be allowed under section 37L of the Act to the amalgamated company for all qualifying acquisitions of ordinary shares in one or more companies the dates of acquisition of which fall within the basis period of amalgamation, including any past acquisition for which it is entitled to a deduction under that section by virtue of regulation 12E.

(2) In computing the total amount of deduction referred to in paragraph (1) —

(*a*) the references to "$100 million" in section 37L(11) of the Act shall each be read as a reference to the amount computed in accordance with the formula:

$$\$100 \text{ million} - Z_1,$$

where Z_1 is the aggregate of every amount of capital expenditure —

(i) incurred by an amalgamating company for a past acquisition (whether or not for the same target company) before the date of amalgamation but during the basis period of amalgamation; and

(ii) for which a deduction is allowed to the amalgamating company under section 37L of the Act or to the amalgamated company under that section read with regulation 12B or 12C; and

(*b*) the aggregate amount referred to in section 37L(11)(*b*)(ii) of the Act shall be substituted with the aggregate of every amount of capital expenditure in the form of contingent consideration incurred by the amalgamated company for a qualifying acquisition of ordinary shares in another company referred to in paragraph (1), including a past acquisition referred to in that paragraph.

(3) In this regulation —

"basis period of amalgamation" means the basis period for a year of assessment in which the amalgamation takes place;

"past acquisition" means a qualifying acquisition of ordinary shares in a company made by an amalgamating company the date of which falls within the basis period of amalgamation but is before the date of amalgamation.".

New regulation 12G

7. The principal Regulations are amended by inserting, immediately after regulation 12F, the following regulation:

"**Modification to cap on deduction allowable to amalgamated company in respect of transaction costs under section 37L of Act**

12G. For the purpose of computing the amount of deduction to be allowed to the amalgamated company under section 37L of the Act for transaction costs it incurred for a qualifying acquisition of ordinary shares in another company made during the period from 17th February 2012 to 31st March 2015 (both dates inclusive) (referred to in this paragraph as the subject qualifying acquisition), the reference to "$100,000" in section 37L(15A)(*b*) of the Act shall be read as a reference to the amount computed in accordance with the formula:

$$\$100{,}000 - Z_2,$$

where Z_2 is the aggregate of every amount of transaction cost incurred by an amalgamating company for a qualifying acquisition of ordinary shares in another company (whether or not it is the same target company as that of the first-mentioned acquisition), being a qualifying acquisition in relation to which the first claim for a deduction for capital expenditure thereon under section 37L of the Act is made in a year of assessment that is the same as that for which the first claim for a deduction under that section for capital expenditure on the subject qualifying acquisition is made by the amalgamated company.".

Made this 7th day of November 2013.

PETER ONG
Permanent Secretary,
Ministry of Finance,
Singapore.

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