

**INCOME TAX ACT
(CHAPTER 134, SECTION 10A)**

**INCOME TAX (APPROVED INVESTMENT COMPANIES)
REGULATIONS**

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
 2. Gains and profits of approved investment company not chargeable to tax
 3. Definitions
The Schedule
-

[31st August 1990]

Citation

1. These Regulations may be cited as the Income Tax (Approved Investment Companies) Regulations and shall have effect for the year of assessment 1988 and subsequent years of assessment.

Gains and profits of approved investment company not chargeable to tax

2.—(1) This regulation shall apply for the purposes of ascertaining the chargeable income or the net amount of any gains or profits not chargeable to tax of an approved investment company.

(2) The amount of any gains or profits derived from —

- (a) the disposal of securities (other than transferred securities and equivalent securities) and chargeable to tax shall be determined by reference to the percentage in the second column of the Schedule applicable to the period the securities (other than transferred securities and equivalent securities) are held as specified in the first column;

[S 491/2003 wef 23/11/2001]

- (b) the disposal of securities (other than transferred securities and equivalent securities) and not chargeable to tax shall be determined by reference to the percentage in the third column of the Schedule applicable to the period the securities (other than transferred securities and equivalent securities) are held as specified in the first column.

[S 491/2003 wef 23/11/2001]

(3) The amount of any loss arising from the disposal of securities (other than transferred securities and equivalent securities) to be deductible —

- (a) against gains or profits chargeable to tax shall be determined by reference to the percentage in the fourth column of the Schedule applicable to the period the securities (other than transferred securities and equivalent securities) are held as specified in the first column;

[S 491/2003 wef 23/11/2001]

- (b) against gains or profits not chargeable to tax shall be determined by reference to the percentage in the fifth column of the Schedule applicable to the period the securities (other than transferred securities and equivalent securities) are held as specified in the first column; and any balance thereof shall not be available as a deduction against any other income.

[S 491/2003 wef 23/11/2001]

(3A) Where an approved investment company is a transferee which has disposed of its transferred securities or its equivalent securities —

- (a) the whole amount of gains or profits derived from the disposal of such securities shall be chargeable to tax in accordance with section 10N(3) of the Act;
- (b) the whole amount of losses arising from the disposal of such securities shall be deductible in accordance with section 10N(3) of the Act against gains or profits chargeable to tax; and

- (c) the Schedule shall not apply in determining the gains or profits chargeable to tax or the losses deductible, as the case may be, arising from the disposal of such securities.

[S 491/2003 wef 23/11/2001]

(4) The Comptroller shall determine the manner and extent to which any expenses, capital allowances, losses and donations are to be deducted.

(5) Where the amount of any expenses, capital allowances, losses or donations exceeds the gains or profits not chargeable to tax, any such excess shall not be available as a deduction against any other income.

(6) In this regulation —

“equivalent securities” has the same meaning as in section 10N(12) of the Act;

“transferred securities” means the transferred securities referred to in paragraph (a)(i) of the definition of “securities lending or repurchase arrangement” in section 10N(12) of the Act.

[S 491/2003 wef 23/11/2001]

Definitions

3. For the purposes of regulation 2(2) and (3) —

- (a) in determining the period during which securities have been held, the day of purchase shall be counted as one day, but the day of disposal shall be excluded;
- (b) in computing the gains or losses from the disposal of any securities, the securities purchased on an earlier date shall be deemed to have been disposed of first;
- (c) in determining the length of the period during which shares are held or the average unit cost of such shares, bonus shares or shares arising from a share split shall be deemed to have been acquired on the date of purchase of the original shares upon which the bonus shares or shares arising from a share split are based; and the cost in respect of each share after the bonus issue or share split shall be determined by dividing the cost of the original shares by the total number of the split

shares, or in the case of the bonus issue, the total number of the original and bonus shares;

- (d) the cost of the shares on which entitlements to rights issues or options are based shall be reduced by any proceeds arising from the disposal of such entitlements or options;
- (e) where the proceeds arising from the disposal of entitlements to rights issues or options exceed the cost of the shares on which the entitlements or options are based, the amount of the excess chargeable or not chargeable to tax shall be determined by reference to the percentages specified in the Schedule applicable to the period during which those shares are held;
- (f) where shares are exchanged for any other shares, in circumstances other than those referred to in paragraph (g), the first-mentioned shares shall be deemed to have been disposed of on the date of acceptance by the approved investment company of the offer to exchange the shares;
- (g) where shares held by the approved investment company are compulsorily acquired in part for money and in part for shares or wholly for shares, in the take-over or reconstruction of a company to which those shares relate —
 - (i) if the acquisition is wholly for shares, the cost of the new shares exchanged as consideration for the acquired shares shall be deemed to be the cost of the acquired shares;
 - (ii) if the acquisition is in part for shares and in part for money, the cost of the new shares shall be deemed to be the cost of the acquired shares reduced by the amount of the payment in money, and if the amount paid in money exceeds the cost of the acquired shares, the excess shall be chargeable or not chargeable to tax by reference to the percentages specified in the Schedule applicable to the period the acquired shares are held;

- (iii) the acquired shares shall be deemed not to have been disposed of and the new shares exchanged for the acquired shares shall be deemed to have been acquired on the date of purchase of the acquired shares;
- (h) in ascertaining the income of an approved investment company, any amount provided for the diminution in the value of securities or any amount written off against the value of securities before disposal shall not be deductible;
- (i) expenses, capital allowances, losses and donations attributable to gains or profits or losses derived outside Singapore from the disposal of securities shall only be deducted against any gains or profits or added to losses which are derived outside Singapore, and any balance shall not be available as a deduction against any other income;
- (j) gains or profits derived outside Singapore from the disposal of securities and remitted into Singapore shall be determined on the basis that gains or profits derived earlier are remitted before those which are derived later;
- (k) any reference to “shares” shall include stocks;
- (l) “capital allowances” means the allowances under sections 19, 19A, 20, 21, 22 and 23 of the Act.

[S 491/2003 wef 23/11/2001]

THE SCHEDULE

<i>First column</i>	<i>Second column</i>	<i>Third column</i>	<i>Fourth column</i>	<i>Fifth column</i>
<i>Length of period securities are held.</i>	<i>Percentage of gains or profits chargeable to tax.</i>	<i>Percentage of gains or profits not chargeable to tax.</i>	<i>Percentage of loss deductible against gains or profits chargeable to tax.</i>	<i>Percentage of loss deductible only against gains or profits not chargeable to tax.</i>
Not exceeding 180 days	100	0	100	0

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THE SCHEDULE — *continued*

181 days to 210 days	95	5	95	5
211 days to 240 days	90	10	90	10
241 days to 270 days	85	15	85	15
271 days to 300 days	80	20	80	20
301 days to 330 days	75	25	75	25
331 days to 360 days	70	30	70	30
361 days to 390 days	60	40	60	40
391 days to 420 days	50	50	50	50
421 days to 450 days	40	60	40	60
451 days to 480 days	30	70	30	70
481 days to 510 days	20	80	20	80
511 days to 540 days	10	90	10	90
Exceeding 540 days	0	100	0	100

[G.N. No. S 330/90]

LEGISLATIVE HISTORY
INCOME TAX (APPROVED INVESTMENT COMPANIES)
REGULATIONS
(CHAPTER 134, RG 11)

This Legislative History is provided for the convenience of users of the Income Tax (Approved Investment Companies) Regulations. It is not part of these Regulations.

1. G. N. No. S 330/1990 — Income Tax (Approved Investment Companies) Regulations 1990

Date of commencement : 31 August 1990

2. 1990 Revised Edition — Income Tax (Approved Investment Companies) Regulations

Date of operation : 25 March 1992

3. G. N. No. S 491/2003 — Income Tax (Approved Investment Companies) (Amendment) Regulations 2003

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