

Income Tax (Deductible Borrowing Costs) Regulations 2008

Table of Contents

Enacting Formula

1 Citation and commencement

2 Prescribed sums payable in lieu of interest or for reduction thereof

3 Restriction of deduction in respect of money borrowed before basis period relating to year of assessment 2008

THE SCHEDULE Deductible Borrowing Costs

No. S 115

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (DEDUCTIBLE BORROWING COSTS) REGULATIONS 2008

In exercise of the powers conferred by section 14(1)(a) of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Deductible Borrowing Costs) Regulations 2008 and shall have the effect for the year of assessment 2008 and subsequent years of assessment.

Prescribed sums payable in lieu of interest or for reduction thereof

2.—(1) For the purposes of section 14(1)(a)(ii) of the Act, the prescribed sums payable by any person in lieu of interest or for the reduction thereof are any deductible borrowing costs incurred by the person.

(2) In paragraph (1), “deductible borrowing costs” means any of the items specified in the first column of the Schedule which are of the description specified in the second column thereof.

Restriction of deduction in respect of money borrowed before basis period relating to year of assessment 2008

3. Where a discount on debt securities referred to in item 3 in the Schedule or premium on debt securities referred to in item 4 in the Schedule is incurred by any person on any debt securities issued before the basis period relating to the year of assessment 2008, only such amount of the discount or premium attributable to the year of assessment 2008 and subsequent years of assessment as determined —

(a) in accordance with the formula

$$\frac{A}{B} \times C$$

where A is the number of days between the first day of the basis period relating to the year of assessment 2008 and the date the discount or premium is incurred by the person (both dates inclusive);

B is the number of days between the date the debt security was issued and the date the discount or premium is incurred by the person (both dates inclusive); and

C is the total amount of discount or premium incurred by the person; or

(b) where it is just and reasonable in the circumstances of any particular case, on such other basis as the Comptroller thinks fit,

shall be deductible.

THE SCHEDULE

Regulations 2 and 3

DEDUCTIBLE BORROWING COSTS

First column

Item

Second column

Description