

Income Tax (Deduction for Acquisition of Shares of Companies) Regulations 2012

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No. S 584

**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX
(DEDUCTION FOR ACQUISITION OF
SHARES OF COMPANIES)
REGULATIONS 2012**

In exercise of the powers conferred by section 37L(24) 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 (Deduction for Acquisition of Shares of Companies) Regulations 2012 and shall be deemed to have come into operation on 1st April 2010.

PART I

GENERAL

Definition

2. In these Regulations, “elected qualifying acquisition” means any acquisition of ordinary shares in a target company elected by an acquiring company under regulation 3 or 3A(1).

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PART II

ELECTION OF QUALIFYING ACQUISITIONS

Election of acquisitions in place of acquisitions under section 37L(4)(a) and (b), or (4)(c) and (d), of Act

3. For the purpose of section 37L of the Act and these Regulations, an acquiring company may elect for the following acquisitions of ordinary shares in a target company by the acquiring company and its acquiring subsidiaries to be its qualifying acquisitions instead of the acquisitions referred to in section 37L(4)(a) and (b) or section 37L(4)(c) and (d) of the Act, as the case may be:

- (a) instead of the acquisitions referred to in section 37L(4)(a) and (b) of the Act —
 - (i) one of the following acquisitions:
 - (A) the acquisition referred to in section 37L(4)(a) of the Act;
 - (B) an acquisition of ordinary shares in the target company where the date of the acquisition is after the date of the acquisition referred to in sub-paragraph (i)(A) but before the end of the basis period of the acquiring company in which the acquisition referred to in sub-paragraph (i)(A) falls; and
 - (ii) the acquisitions of ordinary shares in the target company that took place in a period of 12 months ending on and including the date of the acquisition referred to in sub-paragraph (i)(A) or (B), as the case may be; and

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- (b) instead of the acquisitions referred to in section 37L(4)(c) and (d) of the Act —
 - (i) one of the following acquisitions:

- (A) the acquisition referred to in section 37L(4)(c) of the Act;
 - (B) an acquisition of ordinary shares in the target company where the date of the acquisition is after the date of the acquisition referred to in sub-paragraph (i)(A) but before the end of the basis period of the acquiring company in which the acquisition referred to in sub-paragraph (i)(A) falls; and
- (ii) the acquisitions of ordinary shares in the target company that took place in the shorter of the following periods, as may be applicable:
 - (A) a period of 12 months ending on and including the date of the acquisition referred to in sub-paragraph (i)(A) or (B), as the case may be;
 - (B) the period commencing immediately after the latest acquisition in respect of which a deduction under section 37L of the Act has been claimed on the basis that it is a qualifying acquisition referred to in section 37L(4)(a) or (b) of the Act, or paragraph (a), as the case may be, and ending on and including the date of the acquisition referred to in sub-paragraph (i)(A) or (B), as the case may be,

provided that at the end of that basis period of the acquiring company in which the acquisition referred to in paragraph (a)(i)(A) or (b)(i)(A), as the case may be, falls, the acquiring company and its acquiring subsidiaries own together in total more than 50% (in the case of paragraph (a)) or 75% or more (in the case of paragraph (b)) of the total number of ordinary shares in the target company.

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Election of acquisitions in place of acquisitions under section 37L(4A)(c) and (d), or (4A)(e) and (f), of Act

3A.—(1) For the purpose of section 37L of the Act and these Regulations, an acquiring company (*A*) may elect for the acquisitions of ordinary shares in a target company specified in paragraph (2) made by *A* and *A*'s acquiring subsidiaries as *A*'s qualifying acquisitions instead of the acquisitions mentioned in any of the following provisions of the Act:

(a) section 37L(4A)(c) and (d);

(b) section 37L(4A)(e) and (f).

(2) The acquisitions mentioned in paragraph (1) are —

(a) instead of the acquisitions mentioned in section 37L(4A)(c) and (d) of the Act —

(i) one of the following acquisitions:

(A) the acquisition mentioned in section 37L(4A)(c) of the Act;

(B) an acquisition of ordinary shares in the target company, the date of which is after the date of the acquisition mentioned in sub-paragraph (A) but before the end of the basis period of *A* in which the acquisition mentioned in sub-paragraph (A) falls; and

(ii) the acquisitions of ordinary shares in the target company that took place in the shorter of the following periods, as may be applicable:

(A) a period of 12 months ending on and including the date of the acquisition mentioned in sub-paragraph (i)(A) or (B), as the case may be;

(B) the period commencing immediately after the latest acquisition in respect of which a deduction under section 37L of the Act has been claimed on the basis that it is a qualifying acquisition mentioned in section 37L(4A)(a) or (b) of the Act (as the case may be) and ending on (and including) the date of the acquisition mentioned in sub-paragraph (i)(A) or (B), as the case may be; and

(b) instead of the acquisitions mentioned in section 37L(4A)(e) and (f) of the Act —

(i) one of the following acquisitions:

(A) the acquisition mentioned in section 37L(4A)(e) of the Act;

(B) an acquisition of ordinary shares in the target company,