

Income Tax (Tax Incentives for Partnerships) Regulations 2012

Table of Contents

Enacting Formula

1 Citation and commencement

2 Definitions

3 Manner in which concessionary rate of tax may be accorded to individual partner

4 Changes in composition of partnership or approved partnership

5 Application of section 13H

6 Application of section 13S

7 Application of section 19B

8 Application of section 43Y

9 Application of section 43ZA

No. S 685

INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(TAX INCENTIVES FOR PARTNERSHIPS)
REGULATIONS 2012

In exercise of the powers conferred by section 36(1A), (1B) and (1C) 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 (Tax Incentives for Partnerships) Regulations 2012 and shall, with the exception of regulation 4, be deemed to have come into operation on 1st April 2008.

(2) Regulation 4 shall come into operation on 28th December 2012.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“adjustment factor”, in relation to any year of assessment, means the factor ascertained in accordance with the formula —

$$\frac{A}{B},$$

where A is the concessory rate of tax that the Minister, or such person as he may appoint, specifies under section 43Y or 43ZA; and

B is the rate of tax specified in section 43(1)(a);

[S 629/2019 wef 29/12/2016]

“approved partnership” means a partnership approved by the Minister or a person appointed by him under section 13H, 13S, 43Y or 43ZA, as the case may be;

“share of divisible income”, in relation to a partner of an approved partnership, means the income of that approved partnership to which that partner is entitled.

(2) A reference in these Regulations to a section is a reference to a section of the Act.

(3) A reference in these Regulations to section 13H, 13S, 14E, 19B, 19C, 43Y or 43ZA or any provision thereof is a reference to that section or provision as applied to a partnership under section 36(1A), (1B) or (1C), as the case may be.

Manner in which concessory rate of tax may be accorded to individual partner

3. Where a concessory rate of tax is specified under section 43Y or 43ZA for an approved partnership, the share of the applicable divisible income of a partner of that approved partnership being an individual to be assessed to tax shall be that share of the divisible income (after making the necessary deductions required by the relevant provisions of these Regulations) multiplied by the adjustment factor.

[S 629/2019 wef 29/12/2016]

Changes in composition of partnership or approved partnership

4. The precedent partner of —

- (a) a partnership claiming a deduction under section 14E or an allowance under section 19B or 19C; or
- (b) an approved partnership,

shall give written notice to the Minister or such person as he may appoint for the purpose of these Regulations, of any change in the composition of the partnership or approved partnership, immediately after the change or within such longer period as may be allowed by the Minister or such person as he may appoint.

Application of section 13H

5.—(1) Section 13H shall apply to the share of divisible income of a partner of an approved partnership derived from making any approved investments as it applies to the income of an approved venture company derived from making any approved investment, with the modifications and exceptions set out in this regulation.

[S 629/2019 wef 29/12/2016]

(2) For the purpose of paragraph (1) —

- (a) any reference in section 13H(6) and (7) to an approved venture company is a reference to a partner of an approved partnership;
- (b) any reference in section 13H(15) to an approved venture company is a reference to an approved partnership; and
- (c) paragraphs (3), (4) and (8) apply instead of section 13H(4) and (5).

[S 629/2019 wef 01/01/2014]

[S 629/2019 wef 29/12/2016]

(3) In determining the share of divisible income of a partner of an approved partnership derived from making any approved investments for any year of assessment (referred to in this paragraph as the “share”) to be exempt from tax under regulations made under section 13H, there shall be deducted therefrom —

- (a) any expenses in respect of such approved investments of the approved partnership, allowable under the Act for that year of assessment which is apportioned to that share;
- (b) any loss of the approved partnership for that year of assessment arising from the disposal of any approved investment in Singapore or elsewhere which is apportioned to that share;
- (c) any allowances for that year of assessment under section 19, 19A, 20, 21

[S 629/2019 wef 17/09/2019]

or 22 which are apportioned to that share notwithstanding that no claim for the allowance has been made; and

- (d) any balance of the expenses, losses and allowances referred to in subparagraphs (a), (b) and (c) which have not been deducted in determining the share of divisible income of the partner from making any approved investment for any previous year of assessment.

(4) Any expenses, allowances or losses referred to in paragraph (3) which are apportioned to the share of divisible income of a partner of an approved partnership derived from making any approved investment —

- (a) shall only be deducted against the income of the partner that is exempt from tax under regulations made under section 13H; and
- (b) shall not be available as a deduction against any other income of the partner, except that any balance of the expenses, allowances or losses remaining unabsorbed at the end of the period specified under section 13H(2A) shall be available as a deduction against any other income of the partner for the year of assessment which relates to the basis period in which the tax exemption ceases and for any subsequent year of assessment in accordance with section 23 or 37, as the case may be.

[S 629/2019 wef 17/09/2019]

(5) *[Deleted by S 629/2019 wef 29/12/2016]*

(6) *[Deleted by S 629/2019 wef 29/12/2016]*

(7) *[Deleted by S 629/2019 wef 29/12/2016]*

(8) In this regulation, “approved investment” and “approved venture company” have the same meanings as in section 13H.

Application of section 13S

6.—(1) Section 13S applies to the share of divisible income of a partner of an approved partnership derived —

- (a) during the period between 1 April 2008 and 24 March 2016 (both dates inclusive) from the qualifying activities mentioned in paragraphs (a), (b) and (c) of the definition of “qualifying activities” in paragraph (6);
- (b) on or after 1 June 2011 from the qualifying activities mentioned in paragraphs (d), (e) and (f) of the definition of “qualifying activities” in paragraph (6); and
- (c) on or after 25 March 2016 from the qualifying activities mentioned in

paragraphs (g) and (h) of the definition of “qualifying activities” in paragraph (6),

as it applies to the income of an approved shipping investment enterprise from the activities mentioned in section 13S(1)(a), (b), (c), (ca), (cb) and (d), with the modifications and exceptions set out in this regulation.

[S 457/2017 wef 25/03/2016]

(2) For the purposes of paragraph (1) —

- (a) a reference in section 13S(2) to a shipping investment enterprise is a reference to a partnership registered under any written law in Singapore;
- (b) a reference in section 13S to the approval of a shipping investment enterprise is a reference to the approval of the partnership under section 13S(2);
- (c) a reference in section 13S(7), (8) and (18) to an approved shipping investment enterprise is a reference to a partner of the approved partnership;
- (d) a reference in section 13S(17) to an approved shipping investment enterprise is a reference to the approved partnership;
- (e) a reference in section 13S to a sea-going ship acquired, chartered or leased by an approved shipping investment enterprise is a reference to a sea-going ship acquired, chartered or leased by the approved partnership; and
- (f) paragraphs (3), (3A), (4), (5) and (5B) apply in lieu of section 13S(1A), (1AA), (5), (6) and (6A), and section 13S(1B) is to be construed accordingly.

[S 457/2017 wef 01/01/2014]

[S 457/2017 wef 01/06/2011]

(3) Section 13S(1) shall continue to apply to —

- (a) a partner of a partnership the approval of which has expired or been withdrawn, but which continues to derive income from qualifying activities in relation to a sea-going ship acquired before or during the period of the approval, provided that the partnership has by the date of the expiry or before the withdrawal, fulfilled all the conditions referred to in section 13S(3); and
- (b) any reference in section 13S and these Regulations to an approved partnership shall be construed accordingly.

(3A) Section 13S(1)(d) does not apply to —

- (a) any income of an approved partnership as a lessor of a sea-going ship