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First published in the Government *Gazette*, Electronic Edition, on 12 May 2021 at 5 pm.

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## **No. S 314**

### **INCOME TAX ACT (CHAPTER 134)**

#### **INCOME TAX (DEDUCTION FOR ACQUISITION OF SHARES OF COMPANIES) (AMENDMENT) REGULATIONS 2021**

In exercise of the powers conferred by section 37L(24) of the Income Tax Act, the Minister for Finance makes the following Regulations:

#### **Citation and commencement**

1.—(1) These Regulations are the Income Tax (Deduction for Acquisition of Shares of Companies) (Amendment) Regulations 2021 and, except for regulations 6(2), 8(2), 10(c) and (d), 11(c), (d) and (e) and 13, are deemed to have come into operation on 1 April 2015.

(2) Regulation 13 is deemed to have come into operation on 1 April 2010.

(3) Regulations 10(c) and (d) and 11(c), (d) and (e) are deemed to have come into operation on 1 April 2016.

(4) Regulations 6(2) and 8(2) are deemed to have come into operation on 1 January 2018.

#### **Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Deduction for Acquisition of Shares of Companies) Regulations 2012 (G.N. No. S 584/2012) (called in these Regulations the principal Regulations) is amended by deleting the words “regulation 3 in place 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” and substituting the words “regulation 3 or 3A(1)”.

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**Amendment of regulation 3**

3. Regulation 3 of the principal Regulations is amended —
- (a) by deleting the words “in place” wherever they appear and substituting in each case the word “instead”; and
  - (b) by deleting the regulation heading and substituting the following regulation heading:

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

**New regulation 3A**

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

**“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

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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, 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:

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- (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 —
    - (BA) section 37L(4)(a) or (b) of the Act or regulation 3(a); or
    - (BB) section 37L(4A)(c) or (d) of the Act or sub-paragraph (a),(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.
- (3) *A* may make the election mentioned in paragraph (1) only if *A* and *A*'s acquiring subsidiaries own together in total —
- (a) in the case of paragraph (2)(a) — more than 50% of the total number of ordinary shares in the target company at the end of *A*'s basis period in which the acquisition mentioned in paragraph (2)(a)(i)(A) falls; or
  - (b) in the case of paragraph (2)(b) — 75% or more of the total number of ordinary shares in the target company at the end of *A*'s basis period in which the acquisition mentioned in paragraph (2)(b)(i)(A) falls.”.

#### **Amendment of regulation 4**

**5.** Regulation 4 of the principal Regulations is amended by inserting, immediately after the words “or (b)(i)”, the words “, or regulation 3A(2)(a)(i) or (b)(i),”.

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**New regulation 4A**

**6.**—(1) The principal Regulations are amended by inserting, immediately before regulation 5 in Part III, the following regulation:

**“Definitions of this Part**

**4A.** In this Part —

“acquirer” means the acquiring company or its acquiring subsidiary that made the acquisition in question;

“FRS 28” and “SFRS for Small Entities” have the meanings given by section 37L(16F) of the Act.”.

(2) Regulation 4A of the principal Regulations, as inserted by paragraph (1), is amended by inserting, immediately after “ “FRS 28” ” in the definitions of “ “FRS 28” and “SFRS for Small Entities” ”, “, “SFRS(I) 1-28” ”.

**Amendment of regulation 5**

**7.** Regulation 5 of the principal Regulations is amended —

(a) by deleting the words “Section 37L(16)(a)(i)(C) and (b)(i)(C) of the Act shall” and substituting the words “Section 37L(16A)(c) of the Act does”;

(b) by deleting the words “referred to in section 37L(4)(a) or (c)” in paragraph (a) and substituting the words “mentioned in section 37L(4)(a) or (c), or (4A)(c) or (e),”; and

(c) by deleting paragraph (b) and substituting the following paragraph:

“(b) on or before the end of —

(i) the basis period in which the date mentioned in paragraph (a) falls; or

(ii) the period mentioned in regulation 3(a)(ii) or (b)(ii), or regulation 3A(2)(a)(ii) or (b)(ii),

as the case may be.”.