

# **Income Tax (Remission of Tax for Companies) (Off-Budget) Rules 2003**

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**No. S 191**

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

### **INCOME TAX (REMISSION OF TAX FOR COMPANIES) (OFF-BUDGET) RULES 2003**

In exercise of the powers conferred by sections 7(1) and 92(4) of the Income Tax Act, the Minister for Finance hereby makes the following Rules:

#### **Citation and commencement**

**1.** These Rules may be cited as the Income Tax (Remission of Tax for Companies) (Off-Budget) Rules 2003 and shall have effect for the years of assessment 2001 and 2002.

#### **Definitions**

**2.** In these Rules, unless the context otherwise requires —

“chargeable concessionary income” means chargeable income subject to tax at the concessionary rate of 10% or such other concessionary rate as may be

prescribed under —

- (a) section 13H, 43A, 43C (excluding such part of the income ascertained under section 26(7) of the Act as is apportioned to the policyholders of an insurance company subject to the concessionary rate of tax prescribed by regulations made under section 43C of the Act), 43D, 43E, 43F, 43G, 43H, 43I, 43J, 43K, 43L, 43M, 43N, 43O or 43P of the Act;
- (b) section 19B of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86); or
- (c) section 19J of the Economic Expansion Incentives (Relief from Income Tax) Act in force immediately before 3rd May 2002;

“chargeable normal income” means chargeable income subject to tax at the relevant rate of tax;

“relevant rate of tax” means the rate of tax for the year of assessment 2001 or 2002, as the case may be, under section 43(1)(a) of the Act;

“relevant year of assessment” means the year of assessment 2001 or 2002, as the case may be;

“Singapore dividend” means any dividend derived from Singapore from which tax has been deducted under section 44 of the Act in force immediately before 1st January 2003.

### **Computation of tax payable on Singapore dividend**

**3.** In determining the amount of tax payable by a company on any Singapore dividend for the year of assessment 2001 or 2002, the following provisions shall apply:

- (a) the Comptroller shall determine the manner and extent to which any allowances (including investment allowances given under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act), expenses, losses (including losses set off under section 37B of the Act) and donations allowable under the Act are to be deducted for the relevant year of assessment;
- (b) subject to paragraphs (c) and (d), where the Singapore dividend is assessed to tax under section 10(1)(d) of the Act, the tax payable on the Singapore dividend shall be computed in accordance with the formula —

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

where	A is the statutory income of the company from Singapore dividend for the relevant year of assessment;
	B is the statutory income of the company from each source of income for the relevant year of assessment subject to tax at the relevant rate of tax, except that in computing the statutory income of the company from any trade, business, profession or vocation for the relevant year of assessment, there shall be deducted from such income any balance of the loss incurred by the company in the trade, business, profession or vocation (which, if it had been a profit would have been assessable under the Act) which remains unabsorbed at the end of the basis period for the year of assessment immediately before the relevant year of assessment;
	C is the chargeable normal income of the company for the relevant year of assessment, and for the year of assessment 2002, the chargeable normal income of the company shall be ascertained without applying paragraphs (a) and (b) of section 43(5) of the Act;
	D is the relevant rate of tax;

- (c) where the Singapore dividend is assessed to tax under section 10(1)(d) of the Act and where there are any unabsorbed allowances or losses in respect of the normal income of the company to which section 37B of the Act in force immediately before the basis period for the year of assessment 2003 applies, the tax payable on the Singapore dividend shall be computed in accordance with the formula —

$$\frac{E}{F} \times G \times H$$

where	E is the statutory income of the company from Singapore dividend for the relevant year of assessment;
	F is the aggregate of —
	(i) the statutory income of the company from each source of income for the relevant year of assessment subject to tax at the relevant rate of tax, except that in computing the statutory income of the company from any trade, business, profession or vocation for the relevant year of assessment, there shall be deducted from such income any balance of the loss incurred by the company in the trade, business, profession or vocation (which, if it had been a profit would have been assessable under the Act) which remains unabsorbed at the end of the basis period for the year of assessment immediately before the relevant year of assessment; and
	(ii) the chargeable concessionary income of the company for the relevant year of assessment, divided by the adjustment factor

	referred to in section 37B(7) of the Act in force during the period from 1st June 2001 to the last day of the basis period for the year of assessment 2002 (both dates inclusive) or section 37B(7) of the Act in force immediately before 1st June 2001, as the case may be;
	G is the chargeable concessionary income of the company after deducting an amount arrived at by multiplying the unabsorbed allowances or losses in respect of the normal income by the adjustment factor referred to in section 37B(7) of the Act in force during the period from 1st June 2001 to the last day of the basis period for the year of assessment 2002 (both dates inclusive) or section 37B(7) of the Act in force immediately before 1st June 2001, as the case may be, for the relevant year of assessment;
	H is 10% or such other concessionary rate;

- (d) where the Singapore dividend is assessed to tax under section 10(1)(d) of the Act and where there are any unabsorbed allowances or losses in respect of the concessionary income of the company to which section 37B of the Act in force immediately before the basis period for the year of assessment 2003 applies, the tax payable on the Singapore dividend shall be computed in accordance with the formula —

$$\frac{I}{J} \times K \times L$$

where	I is the statutory income of the company from Singapore dividend for the relevant year of assessment;
	J is the statutory income of the company from each source of income for the relevant year of assessment subject to tax at the relevant rate of tax, except that in computing the statutory income of the company from any trade, business, profession or vocation for the relevant year of assessment, there shall be deducted from such income any balance of the loss incurred by the company in the trade, business, profession or vocation (which, if it had been a profit would have been assessable under the Act) which remains unabsorbed at the end of the basis period for the year of assessment immediately before the relevant year of assessment;
	K is the chargeable normal income of the company after deducting an amount arrived at by dividing the unabsorbed allowances or losses in respect of the concessionary income by the adjustment factor referred to in section 37B(7) of the Act in force during the period from 1st June 2001 to the last day of the basis period for the year of assessment 2002 (both dates inclusive) or section 37B(7) of the Act in force immediately before 1st June 2001, as the case may be, for the relevant year of assessment, except that for the year of assessment 2002, the chargeable normal income of the company after such deduction shall be ascertained without applying