

**Income Tax (Deduction of Capital Allowances and Losses of Leasing Companies)  
Regulations 2001**

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**No. S 504**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (DEDUCTION OF CAPITAL ALLOWANCES AND LOSSES OF  
LEASING COMPANIES) REGULATIONS 2001**

In exercise of the powers conferred by sections 10D (2)(f) and 43I(3) 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 of Capital

Allowances and Losses of Leasing Companies) Regulations 2001 and shall have effect for the year of assessment 1998 and subsequent years of assessment.

## **Definitions**

2. In these Regulations —

“finance lease”, “onshore finance leasing”, “onshore leasing” and “onshore operating leasing” have the same meanings as in section 10D(3) of the Act;

“leasing company”, “offshore finance leasing”, “offshore leasing”, “offshore operating leasing” have the same meanings as in section 43I(8) of the Act;

“prescribed concessionary rate of tax” means the rate of tax under section 43I(1) of the Act.

## **Application of these Regulations**

3. These Regulations shall apply to a leasing company which derives income from offshore leasing subject to the prescribed concessionary rate of tax.

## **Capital allowances and losses from onshore leasing**

4.—(1) This regulation shall apply where a leasing company to which these Regulations apply derives income from onshore leasing and income from offshore leasing in the basis period for any year of assessment.

(2) Any balance of the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act in respect of onshore finance leasing after the deduction against the income from such leasing shall, subject to paragraph (3), be available as a deduction against any income from offshore finance leasing for that year of assessment in accordance with section 43I(4) of the Act but not against any other income for that year of assessment.

(3) Where the leasing company ceases to derive income from onshore finance leasing in the basis period for any year of assessment, any balance of the allowances after the deduction against the income from such leasing for that year of assessment shall be available as a deduction —

- (a) for that year of assessment against the following income in the following order:
  - (i) any other income subject to tax at the rate of tax under section 43(1)(a) of the Act;
  - (ii) any income from offshore finance leasing in accordance with section 43I(4) of the Act;

- (iii) any income from offshore operating leasing in accordance with section 43I(4) of the Act;
  - (iv) any other income subject to tax at a concessional rate of tax in accordance with section 37B of the Act; and
- (b) subject to section 23 of the Act, for any subsequent year of assessment against any income referred to in sub-paragraph (a) in the order and manner specified therein.

(4) Any balance of the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act in respect of onshore operating leasing after the deduction against the income from such leasing for any year of assessment shall be available as a deduction —

- (a) for that year of assessment against the following income in the following order:
  - (i) any other income subject to tax at the rate of tax under section 43(1)(a) of the Act;
  - (ii) any income from offshore operating leasing in accordance with section 43I(4) of the Act;
  - (iii) any income from offshore finance leasing in accordance with section 43I(4) of the Act;
  - (iv) any other income subject to tax at a concessional rate of tax in accordance with section 37B of the Act; and
- (b) subject to section 23 of the Act, for any subsequent year of assessment against the following income in the following order:
  - (i) any income from onshore operating leasing;
  - (ii) any other income referred to in sub-paragraph (a) in the order and manner specified therein.

(5) Any losses incurred in respect of onshore finance leasing for any year of assessment shall be available as a deduction —

- (a) for that year of assessment against the following income in the following order:
  - (i) any income subject to tax at the rate of tax under section 43(1)(a) of the Act;

- (ii) any income from offshore finance leasing in accordance with section 43I(4) of the Act;
  - (iii) any income from offshore operating leasing in accordance with section 43I(4) of the Act;
  - (iv) any other income subject to tax at a concessional rate of tax in accordance with section 37B of the Act; and
- (b) subject to section 37 of the Act, for any subsequent year of assessment against the following income in the following order:
  - (i) any income from onshore finance leasing;
  - (ii) any other income referred to in sub-paragraph (a) in the order and manner specified therein.

(6) Any losses incurred in respect of onshore operating leasing for any year of assessment shall be available as a deduction —

- (a) for that year of assessment against the following income in the following order:
  - (i) any income subject to tax at the rate of tax under section 43(1)(a) of the Act;
  - (ii) any income from offshore operating leasing in accordance with section 43I(4) of the Act;
  - (iii) any income from offshore finance leasing in accordance with section 43I(4) of the Act;
  - (iv) any other income subject to tax at a concessional rate of tax in accordance with section 37B of the Act; and
- (b) subject to section 37 of the Act, for any subsequent year of assessment against the following income in the following order:
  - (i) any income from onshore operating leasing;
  - (ii) any other income referred to in sub-paragraph (a) in the order and manner specified therein.

## **Cessation of offshore finance leasing**