

Income Tax (Gains from Short-term Property Transactions) Regulations 1997

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No. S 370

**INCOME TAX ACT
CHAPTER 134**

**INCOME TAX (GAINS FROM SHORT-TERM PROPERTY TRANSACTIONS)
REGULATIONS 1997**

In exercise of the powers conferred by section 10F(9) 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 (Gains from Short-term Property Transactions) Regulations 1997 and shall be deemed to have come into

operation on 15 May 1996.

PART I

PROVISIONS RELATING TO REAL PROPERTY OTHER THAN HDB FLATS

Application of this Part

2. This Part shall not apply to the acquisition and disposal of any HDB flat.

Consideration of property acquired under certain circumstances

3. For the purposes of computing the amount of any gain or loss of any person under section 10F of the Act arising from the disposal of any real property, the following provisions shall apply:

- (a) where the real property was acquired by him by way of a gift inter vivos, settlement or grant without any consideration, the real property shall be deemed to have been acquired at a consideration equal to the market value of the real property as at the date when the real property was so acquired by him;
- (b) where the real property was acquired by him —
 - (i) as a surviving joint tenant by the operation of the right of survivorship upon the death of any other joint tenant of the real property; or
 - (ii) as a beneficiary under a will in consequence of the death of the testator, or as a person entitled to succeed beneficially to the estate of an intestate under any written law in consequence of the death of the intestate,

the real property shall be deemed to have been acquired by him at a consideration equal to the amount paid by the deceased for the real property.

Disposal of property to joint tenants by sole owner

4.—(1) This regulation shall apply in respect of the disposal of any real property by a sole owner to any joint tenant where the sole owner remains as a joint tenant under the joint tenancy after the disposal of the real property.

(2) The following provisions shall apply in respect of the joint tenancy after the disposal of the real property:

- (a) the real property shall be deemed, until the contrary is proved, to be owned

by the joint tenants in equal shares;

(b) the existing tenant —

- (i) shall be deemed not to have disposed of that share (referred to in this regulation as the retained share) which he owned under the sole ownership and retained under the joint tenancy and shall be deemed to have owned and held the retained share from the date that he acquired such share under the sole ownership; and
- (ii) shall be chargeable to tax under section 10F of the Act on any gains derived by him on the share of the real property disposed of by him;

(c) any new joint tenant who had not paid any consideration in acquiring his share in the real property under the joint tenancy shall be deemed to have acquired such share, for the purposes of computing any gain or loss from any subsequent disposal of the share by him, at a consideration determined by the formula $A \times B$,

where A is the share acquired by him under the joint tenancy as determined under subparagraph (a); and

B is the market value of the real property as at the date he acquired that share under the joint tenancy.

(3) In this regulation —

“existing tenant”, in relation to any real property, means any joint tenant under the joint tenancy who was previously the sole owner of the real property before the disposal of the real property;

“new joint tenant”, in relation to any real property, means any incoming joint tenant in the joint tenancy who had previously not owned any interest in the real property.

Disposal of property to joint tenants by existing joint tenants

5.—(1) This regulation shall apply in respect of any disposal of any real property by the joint tenants under a joint tenancy (referred to in this regulation as the old joint tenancy) to any joint tenant under another joint tenancy (referred to in this regulation as

the new joint tenancy) where one or more of the joint tenants under the old joint tenancy remain as joint tenants under the new joint tenancy.

(2) The real property under the old joint tenancy shall be deemed, until the contrary is proved, to have been owned by the joint tenants in equal shares.

(3) The following provisions shall apply in respect of the new joint tenancy:

- (a) the real property shall be deemed, until the contrary is proved, to be owned by the joint tenants in equal shares;
- (b) where any remaining joint tenant owns any share under the new joint tenancy which is equal or smaller than that which he had owned under the old joint tenancy —
 - (i) he shall be deemed not to have disposed of such share (referred to in this regulation as the retained share) and shall be deemed to have owned and held the retained share from the date that he acquired that share under the old joint tenancy;
 - (ii) he shall be chargeable to tax under section 10F of the Act on any gains derived by him on the share of the real property disposed of by him;
- (c) where any remaining joint tenant owns any share under the new joint tenancy which is greater than that which he had owned under the old joint tenancy —
 - (i) he shall be deemed not to have disposed of the share (referred to in this regulation as the original share) which he had owned under the old joint tenancy and retained under the new joint tenancy and shall be deemed to have owned and held the original share from the date that he acquired such share under the old joint tenancy;
 - (ii) where he has not paid any consideration to acquire any additional share under the new joint tenancy, he shall be deemed to have acquired the additional share, for the purposes of computing any gain or loss from any subsequent disposal of the share by him, at an amount determined by the formula $C \times D$,

where C is the additional share acquired by him
under the new joint tenancy; and