

Income Tax (Approved Unit Trust) Regulations

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INCOME TAX ACT (CHAPTER 134, SECTION 10B)

INCOME TAX (APPROVED UNIT TRUST) REGULATIONS

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Citation

1.—(1) These Regulations may be cited as the Income Tax (Approved Unit Trust) Regulations.

(2) These Regulations shall apply to the income of an approved unit trust derived on or after 1st July 1989.

Gains or profits of an approved unit trust

2.—(1) This regulation shall apply for the purposes of ascertaining the chargeable income or the net amount of any gains or profits not chargeable to tax of an approved

unit trust for the basis period for any year of assessment (referred to in this regulation as the relevant basis period).

(2) The amount of any gains or profits, wherever derived, from —

- (a) the disposal of securities and chargeable to tax shall be an amount equal to 10% of the total amount of such gains or profits;
- (b) the disposal of securities and not chargeable to tax shall be an amount equal to 90% of the total amount of such gains or profits.

(3) The amount of any loss, wherever arising, from the disposal of securities to be deductible —

- (a) against gains or profits from the disposal of securities chargeable to tax shall be an amount equal to 10% of the total amount of such loss;
- (b) against gains or profits from the disposal of securities not chargeable to tax shall be an amount equal to 90% of the total amount of such loss.

(4) The Comptroller shall determine the manner and extent to which any losses are to be deducted.

(5) There shall be allowed as a deduction in such manner and to such extent as the Comptroller shall determine, against gains or profits or added to losses from the disposal of securities determined under paragraph (2) or (3) —

- (a) half of the expenses paid in respect of the management of investments in the relevant basis period to any person who is a resident of or has a permanent establishment in Singapore (referred to in this regulation as the management expenses); and
- (b) any other expenses which are to be deducted.

(6) The other half of the management expenses shall be available as a deduction against interest and dividends and the amount of the deduction shall be ascertained by the formula

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

where A is the other half of the management expenses paid in respect of the relevant basis period;

B is the total interest and dividends chargeable to tax in the relevant basis period;

C is the total investment income (whether chargeable to tax or not) for the