

Income Tax (Approved Investment Companies) Regulations

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INCOME TAX ACT (CHAPTER 134, SECTION 10A)

INCOME TAX (APPROVED INVESTMENT COMPANIES) REGULATIONS

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Citation

1. These Regulations may be cited as the Income Tax (Approved Investment Companies) Regulations and shall have effect for the year of assessment 1988 and subsequent years of assessment.

Gains and profits of approved investment company not chargeable to tax

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 investment company.

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

- (a) the disposal of securities and chargeable to tax shall be determined by reference to the percentage in the second column of the Schedule applicable to the period the securities are held as specified in the first column;
- (b) the disposal of securities and not chargeable to tax shall be determined by reference to the percentage in the third column of the Schedule applicable to the period the securities are held as specified in the first column.

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

- (a) against gains or profits chargeable to tax shall be determined by reference to the percentage in the fourth column of the Schedule applicable to the period the securities are held as specified in the first column;
- (b) against gains or profits not chargeable to tax shall be determined by reference to the percentage in the fifth column of the Schedule applicable to the period the securities are held as specified in the first column; and any balance thereof shall not be available as a deduction against any other income.

(4) The Comptroller shall determine the manner and extent to which any expenses, capital allowances, losses and donations are to be deducted.

(5) Where the amount of any expenses, capital allowances, losses or donations exceeds the gains or profits not chargeable to tax, any such excess shall not be available as a deduction against any other income.

Definitions

3. For the purposes of these Regulations —

- (a) in determining the period during which securities have been held, the day of purchase shall be counted as one day, but the day of disposal shall be excluded;
- (b) in computing the gains or losses from the disposal of any securities, the securities purchased on an earlier date shall be deemed to have been disposed of first;
- (c) in determining the length of the period during which shares are held or the average unit cost of such shares, bonus shares or shares arising from a