Advance Ruling Summary No. 20/2026
Published on 2 Nov 2026

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1. Subject:

Whether:

a. The subordinated perpetual securities (the "**Securities**") will be regarded as "debt securities" for the purposes of section 43H(4) of the Income Tax Act 1947 ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations ("**QDS Regulations**");

b. The Distributions (including any Optional Distributions) (capitalised terms defined below) payable on the Securities will be regarded as interest payable on indebtedness and will enjoy the tax concessions and exemptions available for qualifying debt securities ("**QDS**") assuming that the other requisite conditions for the Securities to be QDS are satisfied; and

c. The issuer of the Securities ("**Issuer**") will be entitled to tax deductions on the Distributions (including any Optional Distribution) as interest in nature, in accordance with section 14(1)(a) of the ITA.

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2. Relevant background and facts:

a. The Issuer is the trustee of a real estate investment trust ("**REIT**") listed in Singapore. It issued a tranche of Securities.

b. The key features of the Securities include the following:

   i. The Securities confer a right to the holders of the Securities ("**Securityholders**") to receive distributions ("**Distributions**"), payable semi-annually in arrear (each a "**Distribution Payment Date**").

   ii. The rate of distribution payable on the Securities does not depend on the profit performance of the Issuer.

   iii. The Issuer may, at its sole discretion, elect not to pay a Distribution (or to pay only part of a Distribution) which is scheduled to be paid on a Distribution Payment Date by complying with certain notice requirements.

   iv. Distributions that are deferred are non-cumulative and do not accrue interest.

v. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of Distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the requisite notice requirements.

vi. Subject to certain exceptions, if the payment of all Distributions scheduled to be made are not made in full by reason of the exercise of the Issuer's discretion, the Issuer and the subsidiaries of the REIT are not allowed to pay any dividends, distributions or make any other payment on, or redeem, reduce, cancel, buy-back or acquire for any consideration in respect of, any of the Issuer's junior obligations or (except on a *pro-rata* basis) its specified parity obligations, unless and until either a redemption of all the outstanding Securities has occurred, the next scheduled Distribution has been paid in full, or an Optional Distribution equal to the amount of Distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full, or an extraordinary resolution by the Securityholders has permitted such payment.

vii. The Securities do not have a fixed redemption date but may be redeemed at the option of the Issuer in certain instances.

c. For accounting purposes, the Securities are treated as equity in accordance with Singapore Financial Reporting Standard 32.

d. The net proceeds from the issue of the Securities will be used for general corporate and working capital purposes, investment or refinancing of existing borrowings of the REIT and its subsidiaries.

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3. Relevant legislative provisions:

a. Income Tax Act 1947 – Sections 14(1)(a) and 43H(4)

b. Income Tax (Qualifying Debt Securities) Regulations

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4. The rulings:

a. The Securities will be regarded as "debt securities" for the purpose of section 43H(4) of the ITA and Regulation 2 of the QDS Regulations.

b. The Distributions (including Optional Distributions) payable on the Securities will be regarded as interest payable on indebtedness and will enjoy the tax concessions and exemptions available on interest payable on QDS provided that the other requisite conditions for the Securities to be QDS are satisfied.

c. The deductibility of the Distributions (including Optional Distributions) is subject to a detailed examination of the use of the proceeds from the issuance of the Securities. The Issuer will be allowed a tax deduction on the Distributions (including Optional Distributions) under section 14(1)(a) of the ITA if:

i. such Distributions (including Optional Distributions) are incurred on the capital (raised through the issuance of the Securities) employed in acquiring the income of the Issuer that is chargeable to tax; and

ii. the conditions governing the deductibility of expenses under section 14 of the ITA are met and the deduction is not prohibited under any other provisions of the ITA.

d. The Distributions (including Optional Distributions) will be deductible only when they are legally due and payable and not based on their scheduled Distribution Payment Dates.

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5. Reasons for the decision:

a. The facts and representations provided, including the key features of the Securities described in paragraph 2b above, generally support the characterisation of the Securities as "debt securities" for the purpose of section 43H(4) of the ITA and Regulation 2 of the QDS Regulations.

b. Following the characterisation of the Securities as a debt instrument for tax purposes, the Distributions (including Optional Distributions) are regarded as interest payable on indebtedness. The Securities will be regarded as QDS under the ITA and the Distributions (including Optional Distributions) will enjoy the tax concessions and exemptions available for QDS provided that the other requisite conditions for the Securities to be QDS are satisfied.

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6. General Reference:

a. Taxpayers may refer to the IRAS e-Tax Guide "Income Tax Treatment of Hybrid Instruments (Third Edition)" ("**e-Tax Guide**") for further guidance. In particular, paragraph 5 of the e-Tax Guide states the approach and factors that the Comptroller of Income Tax considers when determining the characterisation of a hybrid instrument. Paragraphs 7 and 9 of the e-Tax Guide further explains the deductibility of distributions from the issuer to the investor and the timing of deductions by the issuer.

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