

Budget 2016

Tax Changes for Businesses

Name of Tax Change	Current Treatment	New Treatment
Transforming Enterprises		
<p>Extending the upfront certainty of non-taxation of companies' gains on disposal of equity investments under Section 13Z of the Income Tax Act ("ITA")</p>	<p>Under Section 13Z, gains derived from the disposal of equity investments by companies will not be taxed, if:</p> <ul style="list-style-type: none"> a) the divesting company holds a minimum shareholding of 20% in the company whose shares are being disposed; and b) the divesting company maintains the minimum 20% shareholding for a minimum period of 24 months just prior to the disposal. <p>For share disposals in other scenarios, the tax treatment of the gains/ losses arising from share disposals will be determined based on the facts and circumstances of the case.</p> <p>Section 13Z applies to companies' disposal of equity investments from 1 June 2012 to 31 May 2017.</p>	<p>To provide upfront certainty to companies in their corporate restructuring, the scheme under Section 13Z will be extended till 31 May 2022 (to cover disposal of equity investments from 1 June 2017 to 31 May 2022). All conditions of the scheme remain the same.</p>