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IRAS e-Tax Guide

Income Tax Treatment of Real Estate Investment
Trust Exchange-Traded Funds
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1. Aim

- 1.1 This e-Tax guide explains the income tax treatment of a real estate investment trust exchange-traded fund (“REIT ETF”) which has been accorded the tax transparency treatment.
- 1.2 The guide will be relevant to you if you are a trustee, manager, unit holder or potential investor of a REIT ETF.
- 1.3 This guide covers the tax treatment of REIT ETFs which receive distributions from REITs listed on the Singapore Exchange (“S-REITs”), including REIT ETFs that have been accorded tax concession under the following schemes:
 - a. Designated Unit Trust¹;
 - b. Approved Unit Trust²;
 - c. Income of prescribed persons arising from funds managed by fund manager in Singapore³;
 - d. Income arising from funds managed by fund manager in Singapore⁴.
- 1.4 However, this guide does not cover the tax treatment of any other income (for example, distributions from foreign REITs) derived by REIT ETFs. The Income Tax Act 1947 (“ITA”) has specific provisions that deal with the tax treatment of other income derived by the above trusts. Thus, the tax treatment of such income will continue to be governed by the respective provisions in the ITA.

2. At a Glance

- 2.1 The Comptroller of Income Tax (“CIT”) will accord tax transparency treatment to the distributions received by the trustee of a REIT ETF from S-REITs, which are made out of specified income of the S-REITs.
- 2.2 This guide sets out the:
 - a. Tax transparency treatment;
 - b. Tax treatment of the trustee;
 - c. Withholding tax applicable to REIT ETF distributions;
 - d. Tax treatment of the unit holder; and
 - e. Administrative procedures:
 - i. Application for tax transparency treatment;
 - ii. Units held by unit holders who are individuals;
 - iii. Units held by nominees;
 - iv. Information and documentation pertaining to unit holders;
 - v. Claim for refund of tax over deducted from distributions; and
 - vi. Filing tax returns and estimated chargeable income.

¹ Section 35(12) and (12A) of the ITA.

² Section 10A of the ITA (previous section 10B has been renumbered to section 10A in the Income Tax Act 1947).

³ Section 13D of the ITA (previous section 13CA has been renumbered to section 13D in the Income Tax Act 1947).

⁴ Section 13U of the ITA (previous section 13X has been renumbered to section 13U in the Income Tax Act 1947).

3. Glossary

3.1 Qualifying Non-resident Fund

This refers to a non-resident fund that qualifies for tax exemption under section 13D, 13U or 13V⁵ of the ITA and:

- a. does not have any permanent establishment in Singapore (other than a fund manager in Singapore); or
- b. carries on any operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire the units in the REIT ETF are not obtained from that operation.

For this purpose, a non-resident fund refers to a fund being a non-resident company, a partnership where all partners are non-residents, a trust administered by a non-resident trustee, or a non-resident entity.

3.2 Qualifying Non-resident Non-individual Unit Holder

This refers to a non-resident non-individual unit holder who:

- a. does not have any permanent establishment in Singapore; or
- b. carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in that REIT ETF are not obtained from that operation.

3.3 Qualifying S-REIT Distributions

This refers to distributions made by the trustee of an S-REIT out of the specified income of the S-REIT that has been granted tax transparency treatment.

3.4 Qualifying Unit Holders

Qualifying unit holders⁶ will receive distributions from the trustee of a REIT ETF without deduction of tax. They comprise:

- a. an individual;
- b. a company incorporated and resident in Singapore;
- c. a Singapore branch of a company incorporated outside Singapore;

⁵ The previous section 13Y has been renumbered to section 13V in the Income Tax Act 1947.

⁶ Qualifying unit holders do not include a person acting in the capacity of a trustee.

- d. a body of persons⁷ incorporated or registered in Singapore, including a charity registered under the Charities Act 1994 or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act 1979 or a trade union registered under the Trade Unions Act 1940; and
- e. an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948.

3.5 REIT ETF

For income tax purposes, a REIT ETF refers to a trust that is constituted as a collective investment scheme authorised under section 286 of the Securities and Futures Act 2001 and listed on the Singapore Exchange, and that only invests or proposes to invest in REITs as its underlying investment portfolio.

3.6 Rental Support Payment

Rental support payment⁸ in relation to immovable property, means any payment:

- a. made under an agreement —
 - i. made at the time of the sale mentioned in section 43(2A)(a)(v)(A) or 43(2A)(b)(iii)(A) of the ITA; and
 - ii. that provides for such payment to be made only for a fixed period of time; and
- b. that is intended to compensate a party to the agreement in the event that the amount of rental income from the property over a period of time is less than an amount agreed as the expected rental income for such period, taking into account prevailing and forecasted market conditions at the time of that sale.

3.7 S-REIT

For income tax purposes, an S-REIT⁹ refers to a trust that is constituted as a collective investment scheme authorised under section 286 of the Securities and Futures Act 2001 and listed on the Singapore Exchange, and invests or proposes to invest in immovable property and immovable property-related assets.

⁷ As defined in section 2(1) of the ITA.

⁸ As defined in section 43(10) of the ITA.

⁹ As defined in section 43(10) of the ITA. Please refer to the IRAS e-Tax Guide on "Income Tax Treatment of Real Estate Investment Trusts and Approved Sub-Trusts" for more information.

3.8 Specified Income of an S-REIT

The types of S-REIT income that qualify for tax transparency treatment under section 43(2A)(a) and (b) of the ITA are:

- a. rental income or income from the management or holding of immovable property but not including gains from the disposal of immovable property;
- b. income that is ancillary to the management or holding of immovable property¹⁰ but not including gains from the disposal of immovable property;
- c. income that is payable out of rental income or income from the management or holding of immovable property in Singapore, but not out of gains from the disposal of such immovable property;
- d. rental support payment that is paid to the trustee on or after 29 December 2016 by:
 - i. the seller who sold to the trustee the property or any interest in the owner of the property;
 - ii. a person who wholly owns (directly or indirectly) the seller; or
 - iii. any other person approved by the Comptroller.

The rental support payment must be made on an open market value basis. Any amount of rental support payment which is in excess of the shortfall in market rental income will not be granted tax transparency and will be taxed in the hands of the trustee; and

- e. distribution from an approved sub-trust¹¹ of the S-REIT in cash out of the following types of income:
 - i. rental income or income from the management or holding of immovable property but not including gains from the disposal of immovable property;
 - ii. income that is ancillary to the management or holding of immovable property but not including gains from the disposal of immovable property; and

¹⁰ This refers to income that the trustee derives from carrying out activities ancillary to its primary activities of managing or holding immovable properties. Examples of such income include interest income derived by the trustee from placing cash surpluses in bank deposits or debt securities.

¹¹ Tax transparency treatment will only be accorded to the distributions of an S-REIT made out of the distribution it receives from an approved sub-trust, if the sub-trust enjoys approved sub-trust status during the period the sub-trust derived its income (out of which the distribution is made) and at the point of distribution to the S-REIT.

- iii. rental support payment that is paid to the trustee of the sub- trust on or after 29 December 2016 by:
 - a) the seller who sold to the trustee the property or any interest in the owner of the property;
 - b) a person who wholly owns (directly or indirectly) the seller; or
 - c) any other person approved by the Comptroller.

The rental support payment must be made on an open market value basis. Any amount of rental support payment which is in excess of the shortfall in market rental income will not be granted tax transparency and will be taxed in the hands of the trustee of the sub- trust.

4. Background

- 4.1 This e-Tax guide provides details on the tax transparency treatment on the qualifying S-REIT distributions received by the trustee of a REIT ETF. It also sets out the administrative procedures relating to the application of the tax treatment.

A Tax Treatment of a REIT ETF

5. Tax Transparency Treatment

- 5.1 The CIT may agree not to subject the trustee of a REIT ETF to tax on the qualifying S-REIT distributions received by the REIT ETF, and to, instead, subject the beneficiaries to tax on such distributions received from the trustee of REIT ETF.

- 5.2 The tax transparency treatment is subject to the following conditions:

- a. The trustee distributes all distributions from S-REITs (net of expenses) derived by the REIT ETF in each relevant period (quarterly or half-yearly, as the case may be) to the unit holders by the next available distribution period. Such distributions must be made during the period from 1 July 2018 to 31 December 2025.

For the avoidance of doubt, qualifying S-REIT distributions which are not distributed to unit holders on or before 31 December 2025 will be taxed on the trustee of the REIT ETF. Distributions made by the REIT ETF out of such income will not be subject to further tax in the hands of the unit holders; and

- b. The trustee and manager must jointly undertake to comply with section 45G of the ITA and all the conditions set out in Annex 2 of this guide.

6. Tax Treatment of the Trustee

- 6.1 Currently, a trustee of a REIT ETF is taxed at the prevailing corporate tax rate on its income. With the new tax treatment described in paragraph 5, except for the types of income listed in paragraph 6.2, all other income will remain to be subject to tax in the hands of the trustee at the prevailing corporate tax rate.

Types of Income

- 6.2 A trustee of a REIT ETF may receive distributions from an S-REIT which are made out of the following:
- a. Specified income of the S-REIT that is granted tax transparency treatment, i.e. qualifying S-REIT distributions;
 - b. Income that has been taxed on the trustee of an S-REIT;
 - c. Non-taxable income/receipts; and
 - d. Non-income like operating cash flows, unrealised income etc.

Distributions made out of specified income of the S-REIT that is granted tax transparency treatment, i.e. qualifying S-REIT distributions

- 6.3 The qualifying S-REIT distributions will not be taxed in the hands of the trustee of REIT ETF if the REIT ETF has met the conditions stated in paragraph 5.2 above and accorded tax transparency treatment. The trustee of a REIT ETF will be taxed on such distributions if the conditions are not met or tax transparency treatment has not been granted to the REIT ETF.

Distributions made out of income that has been taxed on the trustee of an S-REIT

- 6.4 The trustee of a REIT ETF will not be taxed on any distribution from an S-REIT that is made out of income that has been subjected to tax on the trustee of the S-REIT.

Distributions made out of non-taxable income/receipts

- 6.5 Non-taxable income/receipts of an S-REIT could be:
- a. Capital gains or
 - b. Tax exempt income.
- 6.6 The above non-taxable income/receipts do not form part of the statutory income of the trustee of the S-REIT. Thus, by virtue of section 35(15) of the ITA, distributions by a trustee of S-REIT out of the above non-taxable income/receipts are not taxable in the hands of the REIT ETF.

Distributions made out of non-income

- 6.7 Distributions made out of non-income (for example, operating cash flows, unrealised revaluation gains on the S-REIT's properties) by the S-REIT are regarded as "return of capital" in the hands of the REIT ETF.
- 6.8 The trustee of the REIT ETF should reduce its cost of units by the amount of return of capital. For a trustee who is liable to income tax on gains arising from the disposal of the units, it should use the reduced cost of units to calculate the amount of taxable trading gains when the units are subsequently disposed. If the amount of return of capital exceeds the cost of the units disposed, the

excess will be subject to tax as trading income of the REIT ETF. The proceeds from all subsequent sales of the remaining units will also be fully taxable.

Rollover Income Adjustments

- 6.9 A REIT ETF may fail to distribute all distributions from S-REITs due to differences in rounding off a distribution per unit to the nearest cent. There may also be redemption of units in the REIT ETF after the distribution declaration/announcement date, leading to the REIT ETF paying a lower actual amount of distribution based on the distribution payout rate calculated at the declaration date. Such differences must be added to the S-REIT distributions of the trustee for the next distribution. This arrangement, is known as the “Rollover Income Adjustments” (“RIA”).
- 6.10 In the event of additional subscription after the distribution declaration date, IRAS understands that the REIT ETF will make the excess distributions out of its capital. From a tax perspective, as the distribution is not made out of distributions received by the REIT ETF from S-REITs, there is no need to include these excess distributions in the RIA for the next distribution period by reducing the distributions/tax exempt income of the trustee in the next distribution period.
- 6.11 The S-REIT distributions as computed by the CIT may be different from that determined by the trustee for distribution purpose. To ease tax compliance and governance, the CIT allows such differences to be included as RIA for the next distribution period, immediately after the differences have been agreed¹² with the CIT.

7. Withholding Tax Applicable to REIT ETF Distributions

- 7.1 Withholding tax requirement applies to distributions made to non-resident non-individual unit holders and the trustee has to deduct tax at the prevailing corporate tax rate¹³ from the gross amount of distributions paid out of income that have been granted tax transparency treatment, with the exception for distributions made to qualifying non-resident non-individual unit holders. During the period from 1 July 2018 to 31 December 2025, the withholding tax rate for distributions made to qualifying non-resident non-individual unit holders is 10% and this 10% tax is a final tax.
- 7.2 The withholding tax rate of 10% will also apply to REIT ETF distributions made to a qualifying non-resident fund during the period from 1 July 2019 to 31 December 2025.

¹² Where the taxpayer does not agree with the CIT’s adjustments, the CIT may tax the amount under dispute and issue a Notice of Assessment so that the dispute can be resolved in a timely manner.

¹³ This withholding tax is not a final tax.

8. Tax Treatment of the Unit Holder

8.1 Whether the distribution is taxed in the hands of the unit holder will depend on the nature of the income from which the distribution is made by the REIT ETF and the type of unit holder.

Types of Distributions

8.2 A unit holder may receive distributions from a REIT ETF which are made out of the following:

- a. Qualifying S-REIT distributions;
- b. Income that has been taxed on the trustee of REIT ETF;
- c. Non-taxable income/receipts of a REIT ETF.

Distributions made out of qualifying S-REIT distributions

8.3 The table below shows the tax treatment of the distributions based on the types of unit holders:

	Unit holders	Tax treatment	Remarks
Qualifying Unit Holders	Individuals who derive any distribution through a partnership in Singapore or from the carrying on of a trade, business or profession	Tax at the individual's tax rates	Section 45G of the ITA does not apply
	Other individuals	Exempted from tax	
	<ul style="list-style-type: none"> • Companies incorporated and resident in Singapore; • Singapore branches of companies incorporated outside Singapore • Bodies of persons incorporated or registered in Singapore [Refer to paragraph 3.4] • International organisations that are exempt from tax [Refer to paragraph 3.4] 	Tax at their respective tax rates unless otherwise exempt	

	Unit holders	Tax treatment	Remarks
Non-Resident Non-individual unit holders	Qualifying non-resident non-individuals	Subject to a 10% final ¹⁴ withholding tax in respect of distributions made during the period from 1 July 2018 to 31 December 2025 ¹⁵	Section 45G of the ITA applies
	Qualifying non-resident funds	Subject to a 10% final withholding tax in respect of distributions made during the period from 1 July 2019 to 31 December 2025 ¹⁶	
	Others	Subject to withholding tax at the prevailing corporate tax rate ¹⁷	Section 45G of the ITA applies

Distributions made out of income that has been taxed on the trustee of REIT ETF

- 8.4 Distributions made out of income that has been taxed on the trustee will not be subject to further tax when distributed to the unit holders.

Distributions made out of non-taxable income/receipts

- 8.5 Non-taxable income/receipts of a REIT ETF could be:

- a. Capital gains or
- b. Tax exempt income.

- 8.6 The above non-taxable income/receipts do not form part of the statutory income of the trustee. Thus, by virtue of section 35(15) of the ITA, distributions by a trustee out of the above non-taxable income/receipts are not taxable in the hands of the unit holders.

¹⁴ The unit holders cannot claim any expenses against the distributions received.

¹⁵ As provided under section 43(3C) of the ITA.

¹⁶ As announced in Budget 2019.

¹⁷ The tax deducted is not a final tax. The unit holder may submit a tax return to claim allowable expenses under the ITA and section 46(1)(d) of the ITA credit in respect of the tax deducted to obtain a refund of any tax deducted in excess of its actual tax liability.

Character of the income distributed to unit holders

- 8.7 Where the tax transparency treatment applies, as a general rule, the income distributed to the unit holders does not retain the original character of the income when it first accrues to the trustee. How the distributions are assessed in the hands of the unit holders depends on whether the unit holders are holding the REIT ETF units for trading purpose or purposes other than trading. The distributions received by unit holders who hold the REIT ETF units for trading purpose will be assessed to tax under section 10(1)(a) of the ITA. For the unit holders who hold the REIT ETF units for purposes other than trading, the distributions will be assessed to tax as a “charge” under section 10(1)(e) of the ITA.

Determination of basis period for applicable tax rate

- 8.8 Where the tax transparency treatment applies, the Year of Assessment (“YA”) in which a unit holder will be assessed on the income distributed by a REIT ETF follows the YA in which the income is derived by the REIT ETF. This is regardless of when that income is received by the unit holder.

For example:

Basis period of REIT ETF for YA 2019	1 January 2018 to 31 December 2018
Date of qualifying S-REIT distributions received by REIT ETF	15 November 2018
Date of REIT ETF distributions made out of qualifying S-REITs distributions	15 January 2019
YA in which the unit holder will be assessed on the REIT ETF distribution	YA 2019

- 8.9 The above rule does not apply to distributions which are made out of RIA. A unit holder will be assessed on the RIA in the YA relating to the next distribution period or distribution period ending immediately after the adjustment has been agreed by the REIT ETF with the CIT, as the case may be (See paragraphs 6.9 to 6.11, and Annex 3 for examples).

B Administrative Procedures

9. Application for Tax Transparency Treatment

- 9.1 The trustee/manager of a REIT ETF can apply for tax transparency treatment in respect of the qualifying S-REIT distributions received by the REIT ETF.
- 9.2 The trustee/manager has to complete an application form and submit it together with supporting documents to the Corporate Tax Division of IRAS. Soft copies of the application form and letter of undertaking are available at the IRAS website. Please refer to Annexes 1 and 2 for specimens of the application form and letter of undertaking.

- 9.3 The REIT ETF may start making an application to IRAS from 12 April 2018. The application should be made at least three months before the REIT ETF derives the income for which the tax transparency treatment is sought.
- 9.4 The CIT will endeavour to notify the applicant of the outcome of the application within two months from the date of receipt of the application, or complete information, whichever is later.
- 9.5 If an application for tax transparency treatment is approved, the effective date will be as follows:
- a. For an existing REIT ETF (listed before 1 July 2018), the tax transparency treatment for REIT ETF will take effect from 1 July 2018 or the date of approval of the application, whichever is later (i.e. for qualifying S-REIT distributions which are derived by the REIT ETF on or after 1 July 2018 or the date of approval of the application, whichever is later, and distributed to unit holders thereafter).
 - b. For a new REIT ETF (listed on or after 1 July 2018), the tax transparency treatment for REIT ETF will take effect from the listing of the REIT ETF on the Singapore Exchange (i.e. for qualifying S-REIT distributions which are derived by the REIT ETF on or after date of the listing, and distributed to the unit holders thereafter). The application should be made at least three months before the REIT ETF derives the income for which the tax transparency treatment is sought.
- 9.6 Subsequent to obtaining the approval for tax transparency treatment, the trustee/manager is required to notify the CIT if it is unable to meet any of the conditions imposed. The approved tax transparency treatment will then cease to apply from the date any of the conditions imposed is not met.

10. Units Held by Unit Holders Who are Individuals

- 10.1 The trustee has to inform the unit holders, who are individuals, that the tax exemption does not apply to distributions received by them:
- a. through a partnership in Singapore; or
 - b. from the carrying on of a trade, business or profession;

and that these unit holders must declare such distributions they received as income in their tax returns.

11. Units Held by Nominees

- 11.1 The units in a REIT ETF may also be held by nominees on behalf of the unit holders. In this case, whether withholding tax under section 45G of the ITA applies to the distributions made by the trustee to the nominees will depend on the identity and residency status of the beneficiaries.
- 11.2 To ensure that the correct amount of tax is deducted from distributions made to nominees, the trustee/manager has to comply with the following procedures:
- a. Declaration forms to be submitted by nominees
In reviewing the declaration forms completed by the nominees providing the particulars of the beneficiaries, the trustee may adopt any reasonable method to verify the beneficiaries' identities. It is the responsibility of the trustee to ensure that they have adequate data and records (besides the above declaration forms) to prove the identity of the beneficiaries and are satisfied that the distributions made to the beneficiaries are subjected to the correct withholding tax rates;
 - b. Units held through more than one tier of nominees
Where the units are held through more than one tier of nominees, the trustee/manager must obtain confirmation from the ultimate beneficiaries that they are qualifying unit holders, qualifying non-resident non-individual unit holders, or qualifying non-resident funds for the purpose of satisfying paragraph (j) of the letter of undertaking (see Annex 2). The confirmation from the ultimate beneficiaries may either be submitted to the trustee/manager or to the depository agents. It could be a one-off declaration made when the ultimate beneficiaries first purchase the units in a REIT ETF. Thus, the ultimate beneficiaries need not provide a confirmation for each distribution. If the ultimate beneficiaries do not provide a confirmation of their status, the trustee/manager must withhold tax on the distribution;
 - c. Maintenance of records
The trustee/manager of the REIT ETF must maintain adequate records of the amounts distributed to each beneficiary through the nominees and provide such records to the CIT for verification when required;
 - d. Recovery of tax
If it is found that the trustee/manager has relied on incorrect information on the beneficiaries as provided by the nominees and had not deducted the correct amount of tax, the trustee/manager must take immediate action to recover from the nominees the shortfall in the amount of tax which should have been deducted. The trustee/manager can recover such taxes out of any future amounts payable to those nominees who have given incorrect information on the beneficiaries' status.

12. Information and Documentation of Unit Holders

12.1 For the purpose of paragraph (j) of the letter of undertaking (see Annex 2), the trustee/manager of the REIT ETF has to ensure that sufficient information and documentation is available to verify the identity of the unit holders and beneficiaries.

a. Unit holders that invest directly in a REIT ETF through the Central Depository (Pte) Ltd (“CDP”)

Since the necessary information of such unit holders are available from the CDP, the trustee/manager can be satisfied that the requirement under paragraph (j) of the letter of undertaking is met. Moreover, the unit holders (other than individuals) are expected to have submitted the Declaration for Singapore Tax Purposes Form (Form A¹⁸) to the trustee prior to every distribution.

b. Unit holders that invest in a REIT ETF through depository agents

The depository agents have to obtain the necessary information and documentation on the identity of the ultimate beneficiaries in order to fill in the Declaration by Depository Agents for Singapore Tax Purposes Form (Form B¹⁸). Notwithstanding that the information and documentation on the beneficiaries are with the depository agents and not the trustee/manager, the trustee/manager is responsible for ensuring that sufficient information and documentation is maintained for the purpose of paragraph (j) of the letter of undertaking. The said information and document should also be made available to IRAS as and when required.

13. Making Amendments to Past Withholding Tax Filing and Claiming Refund of Withholding Tax Over Deducted from Distributions

13.1 In the event that tax has been wrongly deducted and accounted to the CIT by the trustee/manager, the CIT will refund the tax to the trustee directly. The claim for refund should be made on a quarterly basis. The trustee should, in turn, refund this amount to the nominees who will then refund it to the beneficiaries. For this purpose, the trustee/manager must amend the Withholding Tax records that were submitted to the CIT and provide details of the amendments in the format as shown in Annex 4. Refer to IRAS website on Making amendment after filing/claiming refund (Home > Taxes > Withholding Tax > Withholding Tax Filing > Making amendment after filing/claiming refund) for instructions on how to amend the records.

13.2 Where refund requests for tax over-deducted at the prevailing corporate tax rate have been submitted to IRAS through the trustee/manager of the REIT, the trustee/manager shall inform the beneficiaries **not** to make further claims

¹⁸ Form A and Form B will be sent to unit holders and depository agents respectively by the REIT ETF's Unit Registrar.

for section 46(1)(d) tax credits corresponding to such refunds in their Income Tax Return submissions. Likewise, the trustee/manager of the REIT shall not make further claim for refund of tax over-deducted for a beneficiary if the beneficiary had claimed the corresponding tax credit under section 46(1)(d) in the beneficiary's Income Tax Return submission.

14. Filing Tax Returns and Estimated Chargeable Income

- 14.1 The trustee is required to file the Form UT issued to each REIT ETF annually. This form must be filed together with the audited financial statements and tax computation by 15 April each year. There is no need to file the estimated chargeable income ("ECI")¹⁹.
- 14.2 However, if the REIT ETF needs an extension of time to submit the Form UT, it will have to furnish the ECI before the CIT grants an extension. The CIT may waive the requirement for the trustee to file an ECI except where the trustee derives income other than qualifying S-REITs distributions. The CIT may review this arrangement when needed.

15. Contact Information

- 15.1 For general enquiries or clarifications on this e-Tax guide, please call 1800-3568 622.

16. Updates and Amendments

	Date of amendment	Amendments made
1	9 July 2018	<ul style="list-style-type: none"> Amended paragraph 5.2 of the main guide and paragraph (b) of Annex 2 to change the requirement for a REIT ETF to "distribute all income (net of expenses) to unitholders", to "distribute all distributions received from S-REITs (net of expenses) to unitholders". Amended paragraphs 6.9, 6.10 and 8.9 of the main guide, and amended example 2 of Annex 3 such that any undistributed income arising from redemptions of units in a REIT ETF after distribution declaration date must be rolled over to the next distribution period and be distributed to unitholders.

¹⁹ As provided in section 63 of the ITA.

	Date of amendment	Amendments made
2	19 June 2019	<ul style="list-style-type: none"> Amended paragraphs 5.2, 7.1, 8.3, 11.2, 12.1, Annex 2, and inserted paragraphs 3.1 and 7.2 to reflect the tax changes announced in Budget 2019.
3	11 July 2019	<ul style="list-style-type: none"> Amended Annex 2 to replace the words “section 13CA, 13R or 13X” with “section 13CA, 13X or 13Y (renumbered section 13D, 13U or 13V)”.
4	17 November 2021	<ul style="list-style-type: none"> Deleted (Large Corporation Branch) in paragraph 9.2 Amended paragraph 13 to update changes to the Withholding Tax Refund processes Updated Annexes 1, 2 and 4 to reflect the latest Forms available on IRAS website
5	05 April 2022	<ul style="list-style-type: none"> Updated to reflect the renumbered provisions based on the Income Tax Act 1947 Updated the citation of Acts Updated the numbering of the footnotes
6	30 April 2024	<ul style="list-style-type: none"> Added paragraph 13.2 to highlight that tax over-deducted should only be claimed once by either the trustee/manager of the REIT or as tax credit under section 46(1)(d) by the beneficiary. Added a column “Singapore Tax Reference Number (e.g., UENO, ITR, ASGD), where applicable” in Annex 4.

Annex 1 – Application Form for Tax Transparency Treatment

Application Form

**Application for Tax Transparency Treatment
in respect of
Income derived by a Trustee of
a Real Estate Investment Trust Exchange-Traded Fund
(REIT ETF)**



INLAND REVENUE
AUTHORITY
OF SINGAPORE

INSTRUCTIONS

(applicable to the trustee and manager of a REIT ETF or the authorised agent making the application)

1. This form is applicable to an existing/proposed REIT ETF making the initial application for tax transparency treatment on the distributions received by the REIT ETF from REITs listed on the Singapore Exchange (“S-REITs”), out of the following income derived by S-REITs:
 - rental income; or
 - income from the management or holding of immovable properties (such as service charges and car park fees); or
 - rental support payment if such payment is at open market value and is made by the seller of the property or a person owning any interest in the owner of the property, or a person who wholly owns (directly or indirectly) the seller; or
 - interest income from temporary short-term placement of surplus cash as deposits with banks in Singapore and investment in debt securities.
2. To assist us in evaluating your application expeditiously, please provide the information requested as completely as possible. If the space provided is insufficient, you may use a separate sheet.
3. Where information is not yet available or inapplicable, please indicate accordingly.
4. It may take you 10 minutes to fill up this form.
5. This application should be sent to the Comptroller of Income Tax:
 - (a) by [myTax Mail](#)²⁰ through myTax Portal (recommended); or
 - (b) by email to Trust@iras.gov.sg

²⁰ Please select “Reply to IRAS” when sending via myTax Mail

1. Details of the REIT ETF

Name	
Address	
Date of constitution	
Income Tax Reference No.	
Nature of business/activity	

2. Details of Trustee and/or Manager of the REIT ETF

Name of Trustee	
Address	
Income Tax Reference No.	

Name of Manager	
Address	
Income Tax Reference No.	

3. Details of person making the application (“Applicant”)

Capacity of person making the application	Trustee/Manager/Agent
Name	
Name and designation of individual for contact purposes	
Contact No.	
Address	
Email Address	

4. Name of S-REITs for which tax transparency treatment is sought

s/n	Name of S-REIT

5. Checklist of documents to be submitted*

		Yes	No
a	Joint undertaking by the Trustee and Manager of the REIT ETF		
b	Copy of the Trust Deed		
c	Sample of the Declaration Forms used by the trustee to determine the applicable rate at which tax is to be deducted from the distributions		

* To be submitted within 14 days from the date of constitution of the REIT ETF if they are not available as at date of application.

6. Applicant's Declaration

a	I declare that the details stated above are true and correct to the best of my knowledge [#] ; or	
b	(i) I declare that the details stated above are true and correct to the best of my knowledge; and (ii) I acknowledge that the application for tax transparency treatment, if approved, is subject to the submission and acceptance of the supporting documents mentioned in paragraph 5 above within 14 days from the date of constitution of the REIT ETF [#]	

[#] (please select 6a or 6b)

Name of Applicant

Name of authorised signatory of the Applicant

Designation of authorised signatory of the Applicant

Signature of authorised signatory of the Applicant

Date

Annex 2 – Joint Undertaking by the Trustee and Manager

Note: This Form should be sent to the Comptroller of Income Tax:
(a) by [myTax Mail](#)²¹ through myTax Portal (recommended); or
(b) by email to Trust@iras.gov.sg

Joint Undertaking by the Trustee and Manager

Date: _____

The Comptroller of Income Tax
Inland Revenue Authority of Singapore
Corporate Tax Division

Dear Sirs

DECLARATION AND UNDERTAKING FOR THE PURPOSE OF APPLYING FOR TAX TRANSPARENCY TREATMENT

I, _____ of _____,
Name of authorised signatory Name and Tax Reference No. of trustee of the REIT ETF

hereby declare that _____ is the trustee of
Name of trustee of the REIT ETF

_____ ; and
Name of the REIT ETF

I, _____ of _____,
Name of authorised signatory Name of manager of the REIT ETF

hereby declare that _____ is the manager of
Name of manager of the REIT ETF

Name of the REIT ETF

In consideration of the Comptroller of Income Tax (“CIT”) applying the tax transparency treatment to the distributions received by the applicant REIT ETF from S-REITs which are made out of the specified income of the S-REITs, we jointly undertake:

- (a) To invest solely in REITs (both S-REITs and foreign REITs).
- (b) To distribute all distributions received from S-REITs in each relevant period (net of expenses) to the unit holders by the next available distribution period, except under the following circumstances:
 - (i) If there is any undistributed S-REIT distribution due to differences in rounding off a distribution per unit to the nearest cent, or if there is any undistributed S-REIT distribution arising from redemptions of units in the

²¹ Please select “Reply to IRAS” when sending via myTax Mail

REIT ETF after the distribution declaration date, such amount will be added to the income as determined for distribution in the next available distribution period; or

- (ii) If for any accounting period, the S-REIT distributions of the trustee, which have been agreed with the CIT, should be higher or lower than that as determined by the trustee/manager for distribution, the difference will be added to or deducted from the income as determined for the distribution period ending immediately after the difference has been agreed with the CIT.
- (c) To comply with the rules set out in section 45G of the ITA with regard to the payment to the CIT of the tax that has been or should have been deducted from distributions made to unit holders mentioned in paragraphs (d) to (f) below. The CIT will recover the amount of tax owing to it, impose penalties and take actions in the manner set out in section 45 of the ITA if the trustee does not comply with the rules (particularly in the event where there is a shortfall in the amount of tax deducted and accounted to the CIT by the trustee/manager).
- (d) To deduct tax at the final withholding tax rate of 10% from distributions made to qualifying non-resident non-individual unit holders during the period from 1 July 2018 to 31 December 2025. A qualifying non-resident non-individual unit holder is a non-individual person who is not a resident in Singapore for income tax purposes and:
 - (i) who does not have any permanent establishment in Singapore; or
 - (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used to acquire the units in the REIT ETF are not obtained from that operation in Singapore.
- (e) To deduct tax at the final withholding tax rate of 10% from distributions made to qualifying non-resident funds during the period from 1 July 2019 to 31 December 2025. A qualifying non-resident fund is a fund that qualifies for tax exemption under section 13D, 13U or 13V of the ITA that is not a resident in Singapore and:
 - (i) does not have any permanent establishment in Singapore (other than the fund manager in Singapore); or
 - (ii) carries on any operation in Singapore through a permanent establishment in Singapore (other than the fund manager in Singapore), but the funds used to acquire the units in the REIT ETF are not obtained from that operation in Singapore;
- (f) To deduct tax at the prevailing corporate tax rate from distributions made to unit holders other than qualifying non-resident non-individual unit holders and qualifying non-resident funds mentioned in paragraphs (d) and (e) above and

the following types of unit holders²² (collectively referred to as Qualifying Unit Holders):

- (i) Individuals (including those who purchased units in the REIT ETF through agent banks or SRS operators which act as their nominee under the CPF Investment Scheme or the Supplementary Retirement Scheme respectively);
 - (ii) Companies incorporated and resident in Singapore;
 - (iii) Singapore branches of companies incorporated outside Singapore;
 - (iv) Bodies of persons incorporated or registered in Singapore, including charities registered under the Charities Act 1994 or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act 1979 or trade unions registered under the Trade Unions Act 1940; and
 - (v) International organisations that are exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948.
- (g) To inform the individual unit holders of the REIT ETF that tax exemption does not apply to distributions received by them:
- ✓ through a partnership in Singapore; or
 - ✓ from carrying on a trade, business or profession;
- and that these unit holders must declare their distributions received as income in their tax returns.
- (h) To ensure that mechanism will be put in place to allow the trustee to ascertain whether or not tax is to be deducted from a distribution (including the content of any prescribed form that has to be completed and submitted by the unit holders, and the retention period of such form).
 - (i) To ensure that there is sufficient information and documentation (besides the declaration forms submitted by the unit holders and nominees) to verify the identity of the unit holders and beneficiaries and be satisfied that they qualify for a waiver of withholding tax, the final withholding tax rate of 10% or exemption of tax.
 - (j) To obtain confirmation from the ultimate beneficiaries that they are qualifying unit holders, qualifying non-resident non-individual unit holders or qualifying non-resident funds, where the units are held through more than one tier of nominees.

²² Do not include a person acting in the capacity of a trustee

- (k) To provide information on distributions made to the unit holders [similar to that provided to The Central Depository (Pte) Limited] in electronic form when required by the CIT. In this respect, the trustee may consult and seek the advice of the CIT on the data fields that have to be incorporated and any other related matters.
- (l) To provide the CIT with a copy of the external auditors' certificate on the adequacy of the internal controls put in place to detect errors or omissions in deducting the tax at source. This certificate will be submitted to the CIT together with the annual tax computation of the REIT ETF.
- (m) To make continuing effort to provide general information on the tax treatment of the REIT ETF's income and the distributions made by the trustee provided that the information disseminated does not constitute binding tax advice to the investing public.
- (n) To answer any questions that the unit holders may have on the amount of distribution made to them, including how the amount of taxable distribution is arrived at.
- (o) To submit to the CIT a copy of the REIT ETF's audited financial statements for any accounting period accompanied by a tax computation no later than 15 April of the following year (or such other longer period as may be determined by the CIT to be reasonable in the circumstances).
- (p) To furnish a breakdown of the various streams of income derived by the REIT ETF, including distributions received from the various REITs, other income (e.g. gains from disposal of units in REITs), etc. as well as the allocation of expenses in the annual tax computation.
- (q) To notify the CIT if the REIT ETF is unable to meet any of the above conditions, subsequent to obtaining the approval for tax transparency treatment. We understand that the approved tax transparency treatment will cease to apply from the date any of the above conditions is not met.
- (r) To be liable for any actual or potential shortfall in tax collection arising from incorrect disclosure of the nature of distributions.

Name and signature of authorised signatory
of the Trustee of the REIT ETF

Designation

Date

Name and signature of authorised signatory
of the Manager of the REIT ETF

Designation

Date

For Official Use		
Comments:		
Verified by:		
_____	_____	_____
Name and signature of Officer	Designation	Date

Annex 3 – Rollover Income Adjustments

EXAMPLE 1

The CIT's computation of the trustee's qualifying S-REIT distribution is higher than that determined by the trustee/manager for distribution purposes:

Taxable income of the trustee for year ended 31 December 2018 (i.e. YA 2019) as agreed with the CIT, say on 18 July 2019	(A) \$10,000
Taxable income of the trustee for year ended 31 December 2018 as determined by trustee/manager for distribution	(B) \$9,500
Taxable income of the trustee for year ended 31 December 2018 distributed by trustee and taxable in the hands of unit holders	(C) \$9,500
Taxable income of the trustee to be added to the distribution immediately after 18 July 2019 (distribution period 1 July 2019 to 30 September 2019)	(D) = (A)-(C) \$500
Taxable income of the trustee as determined by trustee/manager for distribution period from 1 July 2019 to 30 September 2019	(E) \$5,400
Total taxable income of the trustee for distribution period 1 July 2019 to 30 September 2019 available for distribution on 18 October 2019	(F) = (D)+(E) \$5,900

EXAMPLE 2

The CIT's computation of the trustee's qualifying S-REIT distribution is lower than that determined by the trustee/manager for distribution purposes:

Taxable income of the trustee for year ended 31 December 2018 (i.e. YA 2019) as agreed with the CIT, say on 18 July 2019	(A) \$10,000
Taxable income of the trustee for year ended 31 December 2018 as determined by trustee/manager for distribution	(B) \$10,300
Taxable income of the trustee for year ended 31 December 2018 distributed by trustee and taxable in the hands of unit holders	(C) \$10,300
Taxable income of the trustee to be deducted from the distribution immediately after 18 July 2019 (distribution period 1 July 2019 to 30 September 2019)	(D) = (C)-(A) \$300
Taxable income of the trustee determined by trustee/manager for distribution period from 1 July 2019 to 30 September 2019	(E) \$5,400
Total taxable income of the trustee for distribution period 1 July 2019 to 30 September 2019 available for distribution on 18 October 2019	(F) = (E)-(D) \$5,100

EXAMPLE 3

The REIT ETF makes a lower amount of distributions on the payment date than what was previously calculated based on the payout rate calculated using the number of outstanding units as at distribution declaration/announcement date, due to redemption of units in the REIT ETF after the distribution declaration period:

Taxable income of the trustee for year ended 31 December 2018
(i.e. YA 2019) as determined by trustee/manager for distribution,
say on 18 March 2019 (A) \$10,000

Taxable income of the trustee for year ended 31 December 2018
distributed by trustee and taxable in the hands of unit holders (B) \$9,300

Taxable income of the trustee to be added to the distribution
immediately after 18 March 2019 (C) = (A)-(B) \$700
(distribution period 1 January 2019 to 31 March 2019)

Taxable income of the trustee as determined by trustee/manager (D) \$5,400
for distribution period from 1 January 2019 to 31 March 2019

Total taxable income of the trustee for distribution period (E) = (C)+(D) \$6,100
1 January 2019 to 31 March 2019 available for distribution on 18 May 2019

Annex 4 - Making Amendments to Past Withholding Tax Filing and Claiming Refund of Withholding Tax Over Deducted from Distributions

S/N	Distribution date (Date of Payment)	Distribution period	Tax Certificate Serial No.	Name of beneficiary holder(s)	Singapore Tax Reference Number (e.g., UENO, ITR, ASGD), where applicable	Gross distribution amount (S\$)	Withholding tax rate (%)		Withholding tax amount (S\$)		Tax to be refunded (S\$)
							Original (%)	Amended (%)	Original (S\$)	Amended (S\$)	
1											
2											
3											

You are not required to submit the original Tax Certificate(s) unless requested by IRAS. All documents and records are to be retained by you for 5 years.