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IRAS e-Tax Guide

Income Tax:
Tax Deduction for Expenses Incurred on Renovation or Refurbishment Works Done to Business Premises
(Eighth Edition)

Tax Deduction for Expenses Incurred on Renovation or Refurbishment Works Done to Business Premises

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1 Aim

1.1 This e-Tax Guide explains the tax deduction granted under section 14N of the Income Tax Act 1947 (“ITA”) for capital expenses incurred by taxpayers for the renovation or refurbishment works done to their business premises (“R&R expenditure”).

1.2 This e-Tax Guide is relevant to a taxpayer carrying on a trade, business or profession and has incurred expenditure on any renovation or refurbishment works for that trade, business or profession.

2 At a glance

2.1 Certain qualifying capital expenses, up to an expenditure cap, incurred on or after 16 Feb 2008 for the renovation or refurbishment works done to the business premises can be claimed as tax deductions against the income derived from that business.

2.2 The deduction is given over a period of three consecutive years on a straight-line basis, starting from the year of assessment (“YA”) for which those expenses were incurred.

2.3 For qualifying R&R expenditure incurred in the basis period for YAs 2021, 2022, 2024 and from 2025 onwards (i.e. financial years 2020, 2021, 2023 and from 2024 onwards respectively), a taxpayer has the option to claim the deduction in one year instead of over three years, as announced in Budget 2020, 2021, 2023 and 2024.

2.4 S14N deductions can be claimed on qualifying R&R expenditure up to an expenditure cap of $300,000 for every three-year period (“relevant three-year period”), starting from the YA in which the business first incurred R&R expenditure and made a claim.

2.5 As announced in Budget 2024, the relevant three-year period will be fixed for all taxpayers from YA 2025 (i.e. financial year 2024) onwards, with the first fixed three-year period being from YA 2025 to YA 2027.

2.6 The table below summarises the tax treatment under section 14N of the ITA set out above:

	On or after 16 Feb 2008, up to YA 2024	YA 2025 Onwards
Relevant three-year period for the R&R expenditure cap	Claims are subject to an expenditure cap of $300,000 for every relevant three-year period, starting from the YA in which the business first incurred R&R expenditure and made a claim under S14N. The three-year period for computing the R&R expenditure cap may differ for each individual business.	Claims are subject to an expenditure cap of $300,000 for every fixed three-year period, with the first fixed three-year period being from YA 2025 to YA 2027. The three-year period for computing the R&R expenditure cap will be the same for all businesses.
Option for one-year write-off of qualifying R&R expenditure	Qualifying R&R expenditure are to be written off over a period of three consecutive years, on a straight-line basis. For YA 2021, YA 2022, YA 2024, and from YA 2025 onwards, businesses are given the option to claim the qualifying R&R expenditure incurred in one year instead of over three years.	

3 Background

3.1 Businesses often need to renovate or refurbish their business premises to remain competitive and to attract customers. Such R&R expenditure are generally capital expenses unless they relate to repairs or replacement works on the premises with no improvement element. Such capital expenses are not permissible deductions under the ITA[1] unless specific provisions are made to allow them.

3.2 To help businesses, especially small and medium enterprises, reduce business costs, section 14N was introduced into the ITA to allow a tax deduction for qualifying R&R expenditure incurred by businesses. The deduction, henceforth referred to in this e-Tax Guide as “S14N deduction”, is applicable to the R&R expenditure incurred on or after 16 Feb 2008.

4 S14N Deduction

4.1 S14N deduction is given over a period of three consecutive years, on a straight-line basis, starting from the YA for which the qualifying R&R expenditure were incurred. The claim for S14N deduction cannot be deferred.

4.2 As announced in Budget 2020, 2021 and 2023, a taxpayer will be given the option to claim qualifying R&R expenditure incurred in the basis period for YA 2021 (i.e. financial year 2020), YA 2022 (i.e. financial year 2021) and YA 2024 (i.e. financial year 2023) in one year instead of over three years. From YA 2025 onwards, the option to claim qualifying R&R expenditure in one year instead of over three years will be permanently available to businesses, as announced in Budget 2024. The option, once elected in the YA, is irrevocable.

4.3 S14N deduction is given as long as the trade, business or profession for which the R&R expenditure is incurred, is carried on during the basis period. If no income is derived from the trade, business or profession in any YA and that trade, business or profession ceases permanently during the basis period for that YA, no S14N deduction is to be given in that YA.

5 Expenditure cap

5.1 S14N deduction can be claimed on qualifying R&R expenditure up to an expenditure cap of $300,000[2] for every three-year period (“relevant three-year period”), starting from the YA in which the business first incurred R&R expenditure and claimed deductions under S14N. Please refer to question 2

[1] Section 15(1)(c) and 15(1)(d) of the ITA.

[2] Prior to YA 2013, the expenditure cap was $150,000 for every relevant three-year period. This cap was increased to $300,000 from YA 2013 onwards.

of the Annex for an illustration of how the relevant three-year period is identified.

5.2 In the case of partnerships, the expenditure cap of $300,000 is applied at the partnership level. For a sole proprietor, the same expenditure cap is applicable regardless of the number of trades being carried on.

5.3 As announced in Budget 2024, to ease businesses' compliance burden, the relevant three-year period for claiming R&R expenditure will be fixed for all businesses, with the first fixed three-year period being from YA 2025 to YA 2027 (see table below). This will replace the regime where the relevant three-year period depends on when the business first incurred R&R expenditure and made a claim under Section 14N.

Fixed Three-Year Periods	Expenditure Cap
YA 2025 to YA 2027	$300,000
YA 2028 to YA 2030	$300,000
YA 2031 to YA 2033	$300,000
YA 2034 to YA 2036; and so on	$300,000

5.4 As a transitional measure, a taxpayer whose current relevant three-year period does not coincide with the first fixed three-year period (i.e. YA 2025 to YA 2027) will be allowed a refreshed expenditure cap of $300,000 for the period from YA 2025 to YA 2027. Please refer to question 3 of the Annex for illustrations of how the relevant three-year period is determined from YA 2025.

5.5 Taxpayers who do not carry on a trade or business throughout the entire fixed three-year period will also be allowed the full expenditure cap of $300,000 for each fixed three-year period. There will be no proration of the expenditure cap. For example, a newly incorporated company which commences business in YA 2026 will be allowed an expenditure cap of $300,000 for YA 2026 and YA 2027.

6 No double deduction

6.1 If the renovation or refurbishment works qualify as repairs or replacements with no improvement element, tax deduction can be claimed under section 14(1)(c) of the ITA. Similarly, if the R&R expenditure qualifies as expenses incurred on purchase of plant or machinery under section 19 or section 19A of the ITA, capital allowances can be claimed under those sections. In these scenarios, S14N deduction cannot be claimed on the same R&R expenditure incurred.

7 Group relief and loss carry-back relief

7.1 S14N deduction is allowed against the income from the trade, business or profession for which the R&R expenditure is incurred, after all other deductions under Part 5 (Deductions against income) of the ITA have been allowed.

7.2 Any unabsorbed S14N deduction due to insufficient trade income forms part of the trade losses for which the normal tax treatment for trade losses applies. This means that such unabsorbed S14N deduction can be carried forward for offset against income in subsequent YAs, subject to the provisions of section 37 of the ITA. It can also qualify for group relief[3] under section 37B of the ITA and loss carry-back relief under section 37D of the ITA, subject to the provisions of those sections.

8 Qualifying R&R expenditure

8.1 All R&R expenditure, other than those relating to structural changes made to business premises and the costs described in paragraph 8.3, will qualify for S14N deduction, up to the expenditure cap.

8.2 Under the Building Control Act, if structural changes are made to a building, an approval from the Commissioner of Building Control is required. As long as prior approval from the Commissioner of Building Control is not required for the renovation or refurbishment works carried out in the business premises, the R&R expenditure will be considered as qualifying R&R expenditure for S14N deduction.

8.3 Claim for S14N deduction on the following expenditure is not allowable:

(a) any designer services or professional services, except designer services or professional services which do not affect the structure of the business premises from YA 2025[4];
(b) any antique;
(c) any type of fine art including painting, drawing, print, calligraphy, mosaic, sculpture, pottery or art installation; or
(d) any works carried out to a place of residence provided to or to be provided to employees.

[3] This is with effect from YA 2013.
[4] As announced in Budget 2024, with effect from YA 2025, designer fees or professional fees that do not affect the structure of the business premises where approval from the Commissioner of Building Control is required will qualify for S14N deduction.

8.4 R&R expenditure incurred on items which do not affect the structure of the business premises and not excluded under paragraph 8.3 above will generally qualify for S14N deduction. Some examples are:

(a) general electrical installation and wiring to supply electricity;
(b) general lighting;
(c) hot/ cold water system (pipes, water tanks, etc.);
(d) gas system;
(e) kitchen fittings (sinks, pipes, etc.);
(f) sanitary fittings (toilet bowls, urinals, plumbing, toilet cubicles, vanity tops, wash basins, etc.);
(g) doors, gates and roller shutters (manual or automated);
(h) fixed partitions (glass or otherwise);
(i) wall coverings (such as paint, wall-paper, etc.);
(j) floorings (marble, tiles, laminated wood, parquet, etc.);
(k) false ceilings and cornices;
(l) ornamental features or decorations that are not fine art (mirrors, drawings, pictures, decorative columns, etc.);
(m) canopies or awnings (retractable or non-retractable);
(n) windows (including glass frosting, the grilles, etc.);
(o) fitting rooms in retail outlets;
(p) hacking work on premises;
(q) water meter installed to enable renovation works;
(r) hoarding works; and
(s) insurance for renovation works qualifying for S14N deduction

9 Administrative procedures

9.1 Taxpayers who wish to opt for the one-year write-off for S14N deduction in respect of R&R expenditure incurred should indicate the election in the tax computation submitted for the relevant YA. For taxpayers who are not required to submit the tax computation (e.g. due to filing of Form C-S/ Form C-S (Lite)/ Form B 2-line/ 4-line statement), the amount of allowable expenses claimed, as declared in the tax return, would be the amount after taking into account the one-year write-off for S14N deduction.

9.2 Taxpayers should maintain sufficient documents to substantiate their claims. However, they do not need to submit these documents together with their tax returns. They are only required to submit the supporting documents when requested to do so as part of IRAS' audit or verification process. Some examples of supporting documents that should be retained are:

(a) An itemised list (including the related costs incurred) of the renovation or refurbishment works done to the business premises with addresses of the premises.

(b) Confirmation that the renovation or refurbishment works in the itemised list do not require the approval of the Commissioner of Building Control; and

(c) Invoices and payment details of the relevant expenditure.

10 Contact Information

10.1 If you have any enquires or need clarification on this Guide, please call IRAS at 1800-3568622 (for companies) or 1800-3568300 (for individuals).

11 Updates and Amendments

	Date of amendment	Amendments made
1	6 Jun 2012	The previous e-tax guide first published on 18 June 2008 was updated for the following tax changes announced in Budget 2012: • Removal of the end-date of 15 Feb 2013 • Increase in the expenditure cap from $150,000 to $300,000 from YA 2013 • Allowing unabsorbed S14Q (S14N of the 2020 Edition) deduction to qualify for group relief from YA 2013
2	6 Jun 2013	The previous e-tax guide published on 6 June 2012 is updated with the following changes: • Revised paragraph 9 to remove the requirement to submit the following together with the tax return: (a) An itemised list (including the related costs incurred) of the renovation and refurbishment works done to the business premises; and (b) Confirmation in the tax return (on the itemised list) that the renovation or refurbishment works do not require the approval of the Commissioner of Building Control.
3	25 Jan 2018	The previous e-tax guide published on 6 June 2013 is updated with the following changes: • included sub-paragraph (d) under paragraph 8.3 to state that S14N deduction is not allowable on R&R costs incurred to a place of residence for staff. • included additional qualifying items in paragraph 8.4. • paragraph 4.2 has been moved to a footnote. • examples 2 and 3 in the Annex have been updated to more recent YA.

	Date of amendment	Amendments made
4	01 Apr 2020	The previous e-tax guide published on 25 Jan 2018 is updated with the following changes: • Incorporated the tax change announced in Budget 2020 (i.e. allow a taxpayer the option to claim qualifying R&R costs incurred in the basis period for YA 2021 in one year instead of over three years) by: (a) inserting paragraphs 2.3 and 4.2 (b) inserting paragraph 9.1 (c) updating example 3 in Frequently Asked Questions of the Annex • Removed references relating to time-barred YAs.
5	23 Mar 2022	The previous e-tax guide published on 1 April 2020 is updated with the following changes: • Updated the tax change announced in Budget 2021 (i.e. allow a taxpayer the option to claim qualifying R&R costs incurred in the basis period for YA 2022 in one year instead of over three years) by: (a) updating paragraphs 2.3 and 4.2 (b) updating paragraph 9.1 (c) updating example 3 in Question 3 in Frequently Asked Questions of the Annex • Updated example 3 in Question 3 in Frequently Asked Questions of the Annex to provide clarity on how the three-year relevant periods in the example are arrived at. • Updated the section numbers based on Income Tax Act 1947 (2020 Revised Edition)

	Date of amendment	Amendments made
6	8 Aug 2024	The previous e-tax guide published on 23 March 2022 is updated with the following changes: • Incorporated the tax change announced in Budget 2023 (i.e. taxpayer is given the option to claim qualifying R&R expenditure incurred in the basis period for YA 2024 in one year instead of over three years) by updating paragraphs 2.3 and 4.2. • Incorporated the tax changes announced in Budget 2024 with effect from YA 2025 (i.e. expand the scope of qualifying R&R expenditure to include designer fees or professional fees that do not affect the structure of the business premises, fix the relevant three-year period for claiming R&R expenditure for all taxpayers and allow a taxpayer the option to claim qualifying R&R expenditure incurred in one year instead of over three years) by: (a) Inserting a table in paragraph 2.6 to show the change in tax treatment for qualifying R&R expenditure incurred from YA 2025 onwards. (b) Inserting paragraphs 2.5 and 5.3 to 5.5. (c) Updating paragraphs 2.3, 4.2 and 8.3. • Inserted paragraph 2.4 to include the expenditure cap and relevant three-year period. • Updated examples in the Annex to more recent YAs. • Inserted examples in the Annex to show how the relevant three-year period is identified from YA 2025. • Made editorial changes to various paragraphs.

12 Annex – Frequently Asked Questions

1. When can I claim S14N deduction?

You should claim S14N deduction on the qualifying R&R expenditure at the time of lodgement of your tax return for the YA for which the R&R expenditure is first incurred. Any qualifying R&R expenditure, which is not claimed in the YA for which it is first incurred, do not qualify for deduction in subsequent YAs. Any R&R expenditure which is incurred before you commence your business is deemed to be incurred on the first day of the commencement of your business. In such a case, you should claim the S14N deduction in the YA which relates to the basis period in which you commence your business.

2. How is the relevant three-year period for the purpose of applying the expenditure cap of $300,000 identified prior to YA 2025?

Assume that a taxpayer (newly incorporated on 1 Mar 2018 and with accounting period ending 31 Dec) has incurred qualifying R&R expenditure on its business premises during the period from 1 Mar 2018 to 31 Dec 2023 as follows:

YA	2019 ($'000)	2020 ($'000)	2021 ($'000)	2022 ($'000)	2023 ($'000)	2024 ($'000)
Qualifying R&R expenditure incurred	200	-	110	-	100	240
Qualifying R&R expenditure (capped)	200	-	100	-	100	200
	1st relevant 3-year period (capped at $300,000)			2nd relevant 3-year period (capped at $300,000)		

The first relevant three-year period is YA 2019 to YA 2021 (for costs incurred between 1 Mar 2018 to 31 Dec 2020) and the second relevant three-year period is from YA 2022 to YA 2024 even though no R&R expenditure were incurred in the basis period for YA 2022, as shown in the table above (this is because a <u>subsequent relevant three-year period must run consecutively from the immediate prior relevant three-year period)</u>.

The amount of R&R expenditure incurred in the basis period for YA 2021 and YA 2024 that qualify for S14N deduction, is restricted to $100,000 and $200,000 respectively. This is because the total amount of the R&R expenditure incurred during both relevant three-year periods have exceeded the expenditure cap of $300,000.

If the taxpayer first incurred qualifying R&R expenditure in YA 2020 and claimed tax deductions on the R&R expenditure in YA 2020, the first relevant three-year period is from YA 2020 to YA 2022 and the second relevant three-year period is from YA 2023 to YA 2025.

3. How is the relevant three-year period for the purpose of applying the expenditure cap of $300,000 identified from YA 2025?

The relevant three-year period will be replaced with a fixed three-year period starting from YA 2025.

(A) Current three-year period coincides with the first fixed three-year period

Assume that the taxpayer's financial year is from 1 Jan to 31 Dec, and its last relevant three-year period was from YA 2022 to YA 2024. The taxpayer also incurred qualifying R&R expenditure of $300,000 on 31 Jan 2024 (i.e. YA 2025).

YA	**2022** ($'000)	**2023** ($'000)	**2024** ($'000)	**2025** ($'000)	**2026** ($'000)	**2027** ($'000)
Qualifying R&R expenditure incurred	-	100	240	300	50	10
Qualifying R&R expenditure (capped)	-	100	200	300	-	-

First fixed three-year period

The taxpayer will transit to the fixed three-year period from YA 2025 and will be allowed a $300,000 expenditure cap from YA 2025 to YA 2027. However, the taxpayer would not be able to claim any further S14N deduction for YA 2026 and YA 2027, as the taxpayer has already incurred qualifying R&R expenditure up to the $300,000 expenditure cap for the fixed three-year period in YA 2025.

(B) Current three-year period does not coincide with the first fixed three-year period

Assume that a taxpayer's financial year is from 1 Jan to 31 Dec, and its last relevant three-year period was from YA 2023 to YA 2025. The taxpayer has incurred qualifying R&R expenditure during the period from 1 Jan 2022 to 31 Dec 2026 as follows:

YA	**2023** ($'000)	**2024** ($'000)	**2025** ($'000)	**2026** ($'000)	**2027** ($'000)
Qualifying R&R expenditure incurred	200	50	300	120	150
Qualifying R&R expenditure (capped)	200	50	300	0	0

The $300,000 expenditure cap was originally applicable to the taxpayer's R&R expenditure incurred from YA 2023 to YA 2025, such that only $50,000 of the taxpayer's YA 2025 R&R expenditure would have been eligible for S14N deduction (i.e. $300,000 (cap) - $200,000 - $50,000).

With the Budget 2024 changes, when the taxpayer transits to the fixed three-year period in YA 2025, it would be allowed a refreshed $300,000 expenditure cap from YA 2025 to YA 2027 notwithstanding that it has claimed S14N deduction on $250,000 in YA 2023 and YA 2024. In other words, the full $300,000 R&R expenditure incurred in YA 2025 would be eligible for S14N deduction. However, the taxpayer would not be able to claim any further S14N deduction for YA 2026 and YA 2027 as the taxpayer has fully utilised the expenditure cap of $300,000 in YA 2025.

4. How is S14N deduction computed?

The following examples illustrate how S14N deduction is computed.

Example 1

Taxpayer A incurs qualifying R&R expenditure of $240,000 on 31 Jan 2018 (basis period is 1 Jan 2018 to 31 Dec 2018).

YA	**2019** ($'000)	**2020** ($'000)	**2021** ($'000)
Qualifying R&R expenditure incurred	240[5]	-	-
S14N deduction	80	80	80

Taxpayer A can claim S14N deduction of $80,000 ($240,000/ 3 years) against its income for YAs 2019, 2020 and 2021.

Example 2

Same facts as Example 1 but Taxpayer A ceases its business permanently on 31 Dec 2019.

Taxpayer A will be granted S14N deduction of $80,000 against its business income for YAs 2019 and 2020. As there is no income derived from the business from 1 Jan 2020 (basis period for YA 2021), the balance of $80,000 will not be allowed for YA 2021.

Example 3

Taxpayer B incurs qualifying R&R expenditure on the following dates:

- $240,000 on 31 Jan 2018 (basis period is 1 Jan 2018 to 31 Dec 2018)
- $210,000 on 1 May 2020 (basis period is 1 Jan 2020 to 31 Dec 2020)
- $30,000 on 15 Apr 2021 (basis period is 1 Jan 2021 to 31 Dec 2021)
- $90,000 on 4 Sep 2022 (basis period is 1 Jan 2022 to 31 Dec 2022)

[5] Within the current expenditure cap of $300,000.

The taxpayer wishes to claim the R&R expenditure of $210,000 and $30,000 in one year[6] as it has sufficient trade income for YAs 2021 and 2022 to fully absorb the deduction.

	*3-year relevant period**			*3-year relevant period**		
YA	**2018** ($'000)	**2019** ($'000)	**2020** ($'000)	**2021** ($'000)	**2022** ($'000)	**2023** ($'000)
Qualifying R&R expenditure incurred	-	240	-	210	30	90
Qualifying R&R expenditure (capped)	-	240	-	210	30	60
S14N deduction	-	80	80	290 (80 + 210)	30	20

* *Assuming the taxpayer first incurred and claimed S14N deduction for qualifying R&R expenditure in YA 2015, the first relevant three-year period is YA 2015 to YA 2017 and the second and third relevant three-year periods are YA 2018 to YA 2020 and YA 2021 to YA 2023 respectively.*

The total amount of expenditure incurred during the third relevant three-year period (being $210,000 in YA 2021, $30,000 in YA 2022 and $90,000 in YA 2023) exceeds the cap of $300,000. Hence, the amount of qualifying R&R expenditure incurred in the basis period for YA 2023 that qualifies for deduction is restricted to $60,000.

Taxpayer B is granted S14N deduction of $290,000 ($240,000/ 3 years + $210,000) against its income for YA 2021, $30,000 against its income for YA 2022, and $20,000 ($60,000/ 3 years) against its income for YA 2023.

<u>Example 4</u>

Same facts as Example 3 and Taxpayer B further incurs qualifying R&R expenditure on the following dates:

- $180,000 on 5 Apr 2023 (basis period is 1 Jan 2023 to 31 Dec 2023)
- $210,000 on 19 Jun 2024 (basis period is 1 Jan 2024 to 31 Dec 2024)

Taxpayer B wishes to claim the R&R expenditure of $180,000 over three years and $210,000 over one year and will transit to the fixed three-year period in YA 2025.

[6] Taxpayers have the option to claim S14N deduction on qualifying R&R expenditure incurred during the basis period for YAs 2021 and/ or 2022 in one year instead of over three years (please refer to paragraph 4.2 of this guide).

YA	2024* ($'000)	2025 ($'000)	2026 ($'000)	2027 ($'000)
Qualifying R&R expenditure incurred	180	210	-	-
Qualifying R&R expenditure	180	210	-	-
S14N deduction	80 (20+60)	290 (20+60+210)	60 (60)	0

* *In Example 3, the taxpayer has fully claimed the S14N deduction on R&R expenditure incurred in YA 2021 and YA 2022. The R&R expenditure incurred in YA 2023 which is capped at $60,000 will be claimed over 3 years (YA 2023 to YA 2025).*

The relevant three-year period before the transition to the fixed three-year period is YA 2024 to YA 2026. Taxpayer B is granted S14N deduction of $80,000 (YA 2023 R&R expenditure of $60,000/ 3 years + YA 2024 R&R expenditure of $180,000/ 3 years) against its income in YA 2024.

As Taxpayer B transits to the fixed three-year period in YA 2025, a refreshed $300,000 expenditure cap is allowed from YA 2025 to YA 2027. Taxpayer B is granted S14N deduction of $290,000 ($60,000/ 3 years + $180,000/ 3 years + 210,000) against its income in YA 2025.

5. Can I claim a deduction under section 14(1)(c) on the costs I incur on replacing a renovation item that was previously granted S14N deduction?

Yes, provided the conditions under section 14(1)(c) are satisfied and the deduction is not denied under section 15. Consequently, if you claim a deduction under section 14(1)(c), you are not allowed S14N deduction on the same replacement costs incurred by you.

6. Can the R&R expenditure incurred on premises that I use for both business and other personal purposes (e.g. home offices) qualify for S14N deduction?

For premises that are used for both business and other personal purposes, only R&R expenditure which are specifically identifiable to the area that is used for business purposes can qualify for S14N deduction. If you cannot specifically identify the R&R expenditure to the area used for business purposes, you are not allowed to claim S14N deduction, as no apportionment of the R&R expenditure is allowable for tax purposes.

7. What are the tax consequences if I was required to seek the approval of the Commissioner of Building Control for my renovation or refurbishment works (as it involved structural changes) but failed to do so, and I had claimed a S14N deduction on my R&R expenditure?

You should ensure that your R&R expenditure is qualifying expenditure before making any S14N deduction claim.

If S14N deduction was erroneously allowed to you under such circumstance, an amount equal to the total deductions that were erroneously allowed previously is deemed as your taxable income for the YA in which the Comptroller discovers the incorrect claim.

Where there is any form of fraud or wilful default committed by a taxpayer in connection with its claim for R&R expenditure under section S14N, the Comptroller can raise additional assessments on the taxpayer at any time as provided under section 74(2) of the ITA. Additional penalties are applicable under the ITA.

8. Is S14N deduction applicable to a business of making investments which is subject to the provisions of section 10D of the ITA?

Yes. The business may claim S14N deduction on qualifying R&R expenditure incurred on renovation or refurbishment works done to the properties which are rented out by the business as part of its business of making investments.