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IRAS e-Tax Guide

Income Tax: Tax Deduction for Shares Used to Fulfill Obligations under an Employee Equity-Based Remuneration Scheme

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1. Aim

1.1. This e-tax guide consolidates the two e-tax guides[1] issued previously on the tax deduction for treasury shares used to fulfill obligations under an Employee Equity-Based Remuneration ("EEBR") scheme. The guide also sets out the scope of tax deduction where:

(a) a Special Purpose Vehicle ("SPV") administers the EEBR scheme; and

(b) new shares of the holding company are transferred to employees under the EEBR scheme.

1.2. Please read this guide if your company uses shares to compensate your employees under an EEBR scheme.

2. At a glance

2.1. From the Year of Assessment ("YA") 2007, a company is allowed tax deduction for treasury shares transferred to its employees under an EEBR scheme. Tax deduction is allowed on the actual cost incurred in acquiring the treasury shares, less any amount payable by employees for such shares. No tax deduction is allowed if new shares are issued for the purpose of the transfer.

2.2. Where a holding company transfers its treasury shares to employees of a subsidiary under an EEBR scheme, the subsidiary is allowed tax deduction if the holding company recharges it for the shares transferred. Tax deduction is allowed to the subsidiary based on the lower of actual cost incurred by the holding company to acquire the treasury shares and the recharge, reduced by any amount payable by employees for the shares.

2.3. From YA 2012, a company may also claim tax deduction on the cost incurred for its holding company's shares transferred to employees under an EEBR scheme administered by a SPV. The timing of tax deduction and the amount deductible in such a case are substantially aligned with that of treasury shares.

[1] IRAS Circular and Supplementary Circular on Use of Treasury Shares to Fulfill Obligations under an EEBR Scheme (published on 30 June 2006 and 22 February 2007 respectively).

2.4. For both treasury shares and shares administered through a SPV, the timing of tax deduction for costs incurred by a company for shares transferred to employees under an EEBR scheme would generally correspond with that of the vesting of the shares to the employees, typically determined as follows:

(a) For Employee Stock Option ("ESO") schemes, the date options are exercised;

(b) For share award schemes, the date shares are vested and if there is no vesting condition, the date of share grant.

Where the company is charged for the cost of the shares transferred by its holding company or SPV, tax deduction is allowed when the shares vest to the employees or when the company is liable to pay the recharge for the shares, whichever occurs later.

2.5. The events mentioned above must occur on or after the following relevant effective dates for the related share cost to be eligible for tax deduction:

Shares transferred under EEBR Scheme	Relevant effective date	Tax deduction to be allowed from:
Treasury shares	30 January 2006	YA 2007
Holding Company shares transferred through SPV	Basis period for YA 2012	YA 2012

2.6. If the SPV acquires the shares from the open market, the amount deductible to a company is the lower of:

(a) the amount paid by the company for the shares transferred to its employees, and

(b) the cost to the SPV in acquiring the transferred shares.

However, if the shares are treasury shares acquired directly from the holding company, the amount deductible is the lowest of the amounts in (a) and (b), if any, and the cost incurred by the holding company in buying the treasury shares[2].

2.7 In all instances, the amount deductible is reduced by any amount payable by employees for the shares.

[2] Further details are provided in paragraph 6.5.3 below.

2.8 The SPV must be a legal person that can act as trustee of a trust set up for the purpose of the EEBR Scheme ("EEBR trust"). If the SPV performs other functions, these functions should not create any conflict of interest with its duties as a trustee of the EEBR trust. The EEBR trust however must be set up solely for the purpose of the EEBR scheme of the corporate group.

With effect from YA 2026

Newly issued shares of holding company

2.9 As announced in Budget 2025, from YA 2026, a company may also claim tax deduction on payments to the holding company or the SPV for the issuance of new shares of the holding company under an EEBR scheme. No tax deduction is allowed where the company issues its own shares to fulfill its obligations under an EEBR scheme.

2.10 The timing of tax deduction is aligned with that of treasury shares and shares administered through a SPV. Where the company is charged for the newly issued shares transferred by its holding company or SPV, tax deduction is allowed when the shares vest to the employees or when the company is liable to pay the recharge for the shares, whichever occurs later.

2.11 The events mentioned in paragraphs 2.1 – 2.4 above must occur on or after the following relevant effective dates for the related share cost to be eligible for tax deduction:

Shares transferred under EEBR Scheme	Relevant effective date	Tax deduction to be allowed from:
Newly issued shares of holding company	Basis period for YA 2026	YA 2026

2.12 The amount of tax deduction is the lower of:

(a) the amount paid by the company for the shares issued or transferred to its employees, and

(b) the price of the shares in the open market at the time of issue or transfer to the employees; or if it is not possible to determine that price, the net asset value of the shares at the time of issue or transfer to the employees.

In all instances, the amount deductible is reduced by any amount payable by employees for the shares.

Treasury shares of the company or holding company

2.13 From YA 2026, the deduction rules for treasury shares of the company or holding company are also simplified.

2.14 Please refer to the table below for a summary of the amount of tax deduction for treasury shares, shares acquired from the open market, and newly issued shares. Further details can be found in Annex 1.

	Treasury shares	**Shares acquired from the open market**	**Newly issued shares**
Company's shares	(III)	Lower of (I) & (II)	Nil
Holding company's shares	Lower of (I) & (III)	Lower of (I) & (II)	Lower of (I) & (IV)

Where:
(I) Amount paid by the company
(II) Cost to the SPV in acquiring the shares transferred
(III) Cost to the company/holding company in acquiring the treasury shares
(IV) Open market price of the shares at the time of issue or transfer to the employees; or if it is not possible to determine that price, the net asset value of the shares at the time of issue or transfer to the employees.

In all instances, the amount deductible is reduced by any amount payable by employees for the shares.

3. Glossary

3.1 An *EEBR Scheme* typically uses stock options or share awards to compensate the employees under an employment service agreement.

3.2 A *stock option* is a right to buy a certain number of shares at a fixed price, sometime in the future. The option may have vesting or transferability restrictions, which attempt to align the holder's interest with that of the business shareholders. When an employee exercises his option, it is at the price fixed at the point of grant regardless of the prevailing market price.

3.3 *Share award scheme* typically involves giving employees actual shares rather than options, free or at a price less than the market price.

3.4 A *SPV* for EEBR purpose is a legal entity acting as a trustee of a trust used in administering the EEBR scheme.

3.5 *Vesting* of shares occurs when the legal and beneficial interest in the shares are transferred to the employees without any risk of forfeiture of the shares if conditions imposed are not met. Such conditions are known as *vesting conditions.*

4. Background

4.1. EEBR schemes provide a viable tool for companies to retain their staff and motivate them towards higher performance. Under such schemes, share awards or stock options may be given in lieu of salaries or as part of performance-related remuneration.

4.2. With the introduction of treasury shares in the Companies (Amendment) Act 2005, a company can buy back its own shares and hold them in treasury instead of cancelling them. This also facilitates the use of treasury shares by companies to fulfill obligations under EEBR schemes.

4.3. To facilitate the use of EEBR schemes, companies that use treasury shares to fulfill obligations for ESOs or share awards granted under EEBR schemes have been given tax deduction for cost incurred on such treasury shares since 30 January 2006 (i.e. from YA 2007 onwards)[3]. The tax deduction is allowed under section 14L of the Income Tax Act 1947 ("ITA")[4].

[3] The tax change was announced in Budget 2006.

[4] Section 14L of the Income Tax Act 1947 was previously numbered as section 14P in the Income Tax Act (Chapter 134). Section 14P of the ITA was introduced in the Income Tax (Amendment) Act 2007.

4.4. In contrast, where a company issues new shares to fulfill its obligations under an EEBR scheme, it has not incurred any cost wholly and exclusively in the production of its income. The issuance of new shares represents a movement in its share capital account[5]. Hence, a company which uses newly issued shares to fulfill such obligations cannot claim tax deduction for such shares.

5. Current Tax Treatment

5.1. Introduction

5.1.1 Section 14L of the ITA allows tax deduction to a company on cost incurred to acquire its own shares (i.e. treasury shares) if such shares are transferred to its employees under an EEBR scheme.

5.1.2 Similarly, if a holding company transfers treasury shares to employees of its subsidiary under an EEBR scheme and recharges the subsidiary for the shares transferred, the subsidiary may claim tax deduction based on the lower of the:

(a) amount recharged by the holding company for the transferred shares; and

(b) actual cost incurred by the holding company in acquiring the transferred shares.

5.1.3 In either situation above, any sum payable by the employees for shares granted under the EEBR scheme reduces the amount the company or the subsidiary (as the case may be) may claim as tax deduction.

5.1.4 The term "treasury share" is defined in section 2(1) of the ITA to mean:

(a) in relation to a company incorporated under the Companies Act or any corresponding previous written law, a treasury share as defined in section 4(1) of that Act; and

(b) in relation to a company incorporated under the law of a country other than Singapore, a share issued by the company which is subsequently acquired and held by it.

[5] The case of Lowry v Consolidated African Selection Trust (1940) TC 259 supported this view.

5.2 Timing of tax deduction for treasury shares

5.2.1 The timing of taxation of share benefits[6] under an EEBR scheme in the hands of employees is summarised as follows[7]:

Type of EEBR Scheme	Selling Restriction	Timing of Taxation[8]
ESO	No	at point of exercise
ESO	Yes	at end of restriction period
Share award	No	at point of grant[9] or vesting
Share award	Yes	at end of restriction period

5.2.2 However, the timing of tax deduction for treasury shares to employers does not necessarily mirror that of taxability of share benefits in the hands of employees. Instead, tax deduction is allowed when a company incurs cost for treasury shares applied for the benefit of employees.

5.2.3 Generally, treasury shares are considered to have been applied for the benefit of employees when the shares vest to the employees. For ESOs, this typically occurs when employees exercise their ESOs. For share awards, this typically occurs when the shares vest to employees[10].

5.2.4 The point of exercise/vesting may be different from the end of selling restriction period. Where the shares vest to an employee even though he is prohibited from selling the shares, the employer is still allowed tax deduction when ESOs are exercised by, or share awards vest to, the employee and not at the end of the restriction period.

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6 For ESO, this refers to gains arising from the difference between the market value of the shares at the time of exercise or at the time selling restriction on the shares is lifted, as the case may be, and the exercise price. For share award, this refers to gains arising from the difference between the market value of the shares at the time of grant/vesting or at the time selling restriction on the shares is lifted, as the case may be, and the amount paid for the shares.

7 For more details, please refer to e-tax guide on “Tax Treatment of Employee Stock Options And Other Forms of Employee Share Ownership Plans (Fifth Edition)” published on 3 April 2025.

8 Where the “deemed exercise” rule under section 10(7) of the ITA applies, share benefits are deemed to be income of an employee one month before the date of his cessation of employment with his company or the date the share benefit vests to him, whichever is the later. For details of the “deemed exercise” rule, please refer to the e-Tax Guide “Tax Treatment of Employee Stock Options And Other Forms of Employee Share Ownership Plans (Fifth Edition)” published on 3 April 2025.

9 In the case of a share award where there is no vesting imposed, the date of vesting would be the same as date of grant of the shares.

10 The deduction point remains even if the “deemed exercise” rule referred to in footnote 8 is applicable.

5.2.5 In some cases, the legal and beneficial interest in the shares is not transferred to an employee or his trustee/custodian irrevocably on the date of exercise (for ESOs) or grant (for share awards) and the employee also does not enjoy any dividend or voting rights until after a specified period. For such cases, the employer is given a tax deduction only at the end of the specified period when the shares vest to the employee.

5.2.6 Tax deduction is allowed to a company when the company incurs cost for the treasury shares vested to employees under an EEBR scheme, even if the recipients of the shares are at the time no longer employees of the company.

5.3 Amount of Tax deduction to be allowed

5.3.1 With the adoption of FRS 102 (*Share-based Payment*), the fair value of ESOs and shares granted to employees must be recognised as an expense (with corresponding increase in equity) in the financial accounts in the year of grant or over the expected vesting period if the equity instruments do not vest immediately.

5.3.2 In contrast, for tax purposes, only the amount actually incurred by a company, less the amount payable by employees, for the treasury shares is tax deductible[11]. Accordingly, notional accounting “gain” or “loss” arising from any difference in the value (between the fair value and the cost) is disregarded for the purpose of tax deduction.

5.4 What Constitutes “Cost of Treasury Shares”

5.4.1 “Cost of treasury shares” includes expenses like brokerage and CDP charges that relate directly to the acquisition of the treasury shares from the open market.

5.4.2 Some companies may capitalise such transaction costs with the cost of purchase while others may expense them off in the profit and loss account. For tax purposes, such expenses should be included as the cost of purchase of the treasury shares. For a company that has expensed off such transaction costs to the profit and loss account in the year of purchase, relevant tax adjustments should be made.

[11] In the case where the company is recharged by its holding company for the treasury shares applied for the benefit of employees and the amount recharged is lower than the holding company’s cost of acquiring the treasury shares, the amount deductible is restricted to the amount of recharge less any amount payable by employees for the shares transferred.

5.4.3 Interest costs incurred to finance the acquisition of treasury shares do not constitute "cost of treasury shares". Such interest costs should be excluded in the determination of "cost of treasury shares" if they have been capitalised with the cost of purchase of treasury shares.

5.4.4 The deductibility of such interest costs depends on the circumstances under which the treasury shares are acquired. If the treasury shares are intended for use by a company to fulfill obligations under its EEBR scheme, the related interest costs are allowable to the company under section 14(1)(a) of the ITA. However, if the treasury shares are acquired for other purposes (e.g. for resale or as consideration for acquisition of other assets/shares), or the purpose is not known at the time of purchase, then the interest costs related to financing such share acquisitions are not allowable. Relevant tax adjustments should be made accordingly.

5.5 <u>Determination of Cost of Treasury Shares Transferred under EEBR scheme</u>

5.5.1 A company may acquire treasury shares at different times and at different prices. To determine the cost of the treasury shares transferred to employees under an EEBR scheme, it may adopt the "first-in-first-out" ("FIFO") method or weighted average method (on either a transaction-by-transaction basis or interval-by-interval basis as explained below), so long as the method used is consistently applied.

5.5.2 Under the weighted average method (transaction-by-transaction basis), the cost to a company in acquiring treasury shares transferred to any employee is to be determined by the following formula:

$$A/B \times C$$

Where A is the number of treasury shares transferred to the employee;

B is the total number of treasury shares held by the company immediately before the transfer to the employee; and

C is the total cost to the company of acquiring all the treasury shares held by it immediately before the transfer to the employee.

(Note: "C" refers to the cost of acquiring <u>all</u> the treasury shares at that particular point in time, regardless of the subsequent use of the shares. This is to ensure a consistent determination of cost for each treasury share, regardless of whether it is eventually used for the purpose of fulfilling ESO or share award obligations.)

5.5.3 A company has flexibility to compute the weighted average cost on an annual basis (or at such other regular interval[12], e.g. half yearly, quarterly or monthly). The cost of treasury shares transferred to employees is determined based on the aggregate cost of all treasury shares transferred to all employees within each regular interval, computed in accordance with the following formula:

$$\frac{D}{(E + F)} \times (G + H)$$

where D is the total number of treasury shares transferred by the company to all employees within that interval;

E is the total number of treasury shares held by the company at the end of the period equal in length to the regular interval immediately preceding that interval;

F is the total number of treasury shares acquired by the company within that interval;

G is the total cost to the company of acquiring all the treasury shares held by it at the end of the period equal in length to the regular interval immediately preceding that interval; and

H is the total cost to the company of acquiring all the treasury shares by it within that interval.

5.5.4 The example in Annex 2 illustrates the timing and computation of the amount of tax deduction to be given based on the FIFO method and weighted average (transaction-by-transaction basis and interval-by-interval basis) method.

5.6 <u>Tax treatment of "Gains" or "Losses" upon transfer/disposal of Treasury Shares</u>

5.6.1 The difference between the purchase cost and the fair value of the treasury shares upon the transfer/disposal of these shares can give rise to gains or losses.

5.6.2 Any gains or losses arising from treasury shares transferred under an EEBR scheme are disregarded for tax purposes[13]. Tax deduction is allowed based on cost of treasury shares.

[12] "Regular interval", in relation to a basis period, means one of a number of equal period(s) within the basis period where the aggregate of all of those equal periods is equal to the basis period of the company for the year of assessment concerned. The interval, once adopted, must also be consistently applied.

[13] Transactions relating to treasury shares are recognised directly in equity for financial reporting purposes. Hence, no gain or loss should be recognised in the profit and loss account.

5.6.3 For gains or losses arising from disposal of treasury shares under other circumstances[14], the applicable tax treatment should be determined by reference to the facts and circumstances of each case.

5.7 <u>Treatment of excess of amount payable by Employee over the cost of Treasury Shares</u>

5.7.1 Where the amount payable by an employee (e.g. exercise price in the case of ESOs) is higher than the cost of treasury shares to a company, no tax deduction is due to the company. In such cases, the company effectively incurs no cost because the amount receivable from the employee has more than offset the cost incurred by the company. The excess of the amount payable by the employee over the cost of treasury shares ("the excess amount") is credited to a special account to be kept by the company to reduce the cost of treasury shares subsequently transferred to employees.

5.7.2 Where there is a balance in the special account, the cost of treasury shares (as determined by the method adopted by the company as stated in paragraph 5.5 above) subsequently acquired by the company for transfer to employees under its EEBR scheme is reduced —

(a) to zero, if the balance in the special account is equal to or exceeds the cost; or

(b) by the balance in the special account, if the balance is less than the cost,

and the amount of the reduction is debited to the special account.

5.7.3 The example in Annex 3 illustrates the application of excess amount to reduce the cost of treasury shares under the different methods that companies may adopt in computing the cost of treasury shares transferred under an EEBR scheme (i.e. "first-in first-out" method, weighted average method on a transaction-by transaction basis, and weighted average method on an interval-by-interval basis).

[14] The Companies Act 1967 provides that a company may at any time after acquiring the treasury shares, sell the shares for cash or transfer them as consideration for acquisition of assets, amongst other things.

5.8 <u>Timing and Amount of tax deduction to be given in the case of Recharge from Holding Company for shares transferred to Subsidiary's Employees</u>

5.8.1 Where a holding company buys treasury shares and transfers them to employees of a subsidiary under an EEBR scheme, the subsidiary is allowed tax deduction on cost recharged to it by the holding company. The tax deduction for cost recharge is explained in the paragraphs below.

5.8.2 *Where there is no recharge by the holding company*

As the subsidiary's employees are not employees of the holding company, any costs incurred on the subsidiary's employees are not incurred wholly and exclusively in the production of the holding company's income. As such, if the holding company does not recharge the subsidiary for the treasury shares transferred to its subsidiary's employees, no tax deduction is allowed to the holding company for the costs of the shares transferred. In such a case, the subsidiary is also not entitled to claim tax deduction for the treasury shares transferred to its employees under the EEBR scheme as the subsidiary is not liable to pay for the shares.

5.8.3 *Recharges involving new shares issued*

Prior to YA 2026, tax deduction is not allowed where new shares are issued to fulfill ESO or share award obligations under the EEBR scheme. Consistent with this tax treatment, recharges relating to new shares issued are also not allowed. Section 15(1)(q) of the ITA[15] prohibits tax deduction to the subsidiary for any recharge from the holding company for shares other than treasury shares transferred to the subsidiary's employees.

The above tax treatment (and section 15(1)(q) of the ITA) involving new shares of the holding company will be amended with effect from YA 2026. Please refer to paragraph 7 for the tax treatment with effect from YA 2026.

5.8.4 *Recharges involving treasury shares*

<u>Amount of tax deduction</u>

5.8.4.1 Even though a subsidiary may be liable to pay to its holding company the actual amount of recharge, tax deduction allowable to the subsidiary is restricted to the holding company's cost of acquisition of treasury shares if the cost is lower than the amount of recharge, less the amount payable by the subsidiary's employees. This ensures tax deduction allowed is limited to the actual cost incurred by the holding company if this is less than the amount of recharge.

[15] Section 15(1)(q) of the ITA took effect from 13 February 2007, the gazette date of the Income Tax (Amendment) Act 2007.

5.8.4.2 Where the amount payable by the subsidiary's employees is higher than the holding company's actual cost of treasury shares or the amount of recharge (whichever is lower), no tax deduction is allowed to the subsidiary. However, in such cases, the subsidiary does not have to offset the excess amount against recharges arising from subsequent transfers of treasury shares to its employees by the holding company[16].

Timing of tax deduction

5.8.4.3 Where the holding company recharges the subsidiary for treasury shares transferred before ESOs are exercised by, or share awards vest to, the subsidiary's employees, the subsidiary is not allowed tax deduction at the point of recharge. This is because the subsidiary has yet to apply the treasury shares for the benefit of its employees.

5.8.4.4 In some cases, the holding company may only recharge the subsidiary some time after the subsidiary has applied the shares transferred for the benefit of its employees. For such cases, the subsidiary may claim tax deduction only when it is liable to pay the holding company for the shares transferred (i.e. tax deduction is not given unless and until the holding company recharges the related cost and a liability to pay has arisen for the subsidiary).

5.8.4.5 For tax purposes, the date of recharge is the later of the date of the invoice or the date on which the subsidiary is liable to pay the holding company for the shares transferred. Any grace period extended to the subsidiary to make payment is purely an arrangement between the holding company and subsidiary to defer actual payment and does not affect the date of recharge for tax purposes.

6. Tax Deduction where a SPV administers an EEBR scheme

6.1 In practice, a corporate group may administer its EEBR scheme through a SPV. In a typical arrangement, the SPV acquires the holding company's shares and transfers them to employees of group companies according to the terms of the EEBR scheme.

The group companies may be charged for the shares transferred to their employees.

[16] This is because the subsidiary does not benefit from the excess amount (i.e. the excess amount does not accrue to the subsidiary). Hence, paragraph 5.7 does not apply to the excess amount arising in recharge situations involving holding companies' treasury shares.

6.2 Shares acquired under such an arrangement are not treasury shares based on the definition for "treasury shares" in the ITA. Accordingly, no tax deduction is allowed to a company for cost incurred for holding company's shares transferred by the SPV to its employees[17].

6.3 Recognising this commercial practice, the Minister for Finance announced in Budget 2011 the extension of tax deduction to a company acquiring its holding company's shares through a SPV to fulfill the obligations under its EEBR scheme. With the tax change, tax deduction is available to a company where a SPV uses the company's shares or its holding company's shares to fulfill its obligations under an EEBR scheme.

6.4 <u>SPVs administering EEBR schemes</u>

6.4.1 For tax deduction purpose, a trust relationship must exist between the company/corporate group[18] (as the settlor or settlors collectively) and the SPV (as the trustee administering the EEBR scheme). As such, the SPV must be a legal person that can act as a trustee of the trust so set up. At all times, all the shares acquired under the trust must be for the benefit of the employees under the EEBR scheme.

6.4.2 The SPV can be a registered person within or outside Singapore, related or unrelated to the companies of the corporate group. If the SPV performs other functions, these functions should not create any conflict of interest with its duties as a trustee of the EEBR trust.

6.4.3 The EEBR trust must be set up solely for holding shares to be used for the EEBR scheme of the company/corporate group. Accordingly, the trust should not carry on any business. This ensures that the shares are only used for subsequent transfer to employees[19] under the EEBR scheme. This should also facilitate the proper tracking of the cost of shares transferred.

6.5 <u>Amount Qualifying for Tax Deduction</u>

6.5.1 A SPV set up to administer an EEBR scheme may acquire shares of the company or its holding company for such purpose.

[17] Tax deduction of such cost was prohibited under section 15(1)(q) of the ITA prior to its amendment under the Income Tax (Amendment) Act 2011.

[18] A corporate group comprises a holding company and its subsidiaries as defined in section 5 of the Companies Act (i.e. holding company have 50% or more shareholding of the subsidiary, whether local and foreign).

[19] Employees may include past employees who continue to qualify for benefits under the EEBR scheme even after they leave the company.

6.5.2 Where the company or its holding company issues new shares to the SPV for such purpose, no tax deduction is available. However, the tax treatment involving new shares of the holding company has been amended with effect from YA 2026. Please refer to paragraph 7 for the tax treatment.

6.5.3 In other cases, the amount of tax deduction allowable to a company for shares transferred to its employees under the EEBR scheme is determined as follows:

(a) where the SPV acquires the company's shares or its holding company's shares, as the case may be, from the open market, the lower of

(i) the amount paid by the company for the shares transferred to its employees, and

(ii) the cost to the SPV in acquiring the transferred shares from the open market;

(b) where the SPV acquires treasury shares of the company or its holding company, as the case may be,

<u>Prior to YA 2026</u>

<table>
<tr><th rowspan="2"></th><th colspan="2">Amount Deductible</th></tr>
<tr><th>Company's shares transferred</th><th>Holding Company's shares transferred</th></tr>
<tr><td>SPV pays for shares it acquires & recharges the company for the shares transferred</td><td>Lowest of (I), (II) & (III)*</td><td>Lowest of (I), (II) & (III)*</td></tr>
<tr><td>SPV is not charged for the shares it acquires & does not recharge the company for the shares transferred</td><td>(III)*</td><td>Lower of (I) & (III)* if the Holding Company charges the company for the shares transferred;
Nil if the Holding Company does not charge the company for the shares transferred</td></tr>
</table>

With effect from YA 2026

	Amount Deductible	
	Company's shares transferred	**Holding Company's shares transferred**
SPV pays for shares it acquires & recharges the company for the shares transferred	(III)*	Lower of (I) & (III)*
SPV is not charged for the shares it acquires & does not recharge the company for the shares transferred	(III)*	• Lower of (I) & (III)* if the Holding Company charges the company for the shares transferred; • Nil if the Holding Company does not charge the company for the shares transferred

* Where:
(I) Amount paid by the company;
(II) Cost to the SPV in acquiring the shares transferred;
(III) Cost to the company/holding company in acquiring the treasury shares

In all instances, the amount deductible is reduced by any amount payable by employees for the shares.

6.5.4 The SPV may determine the cost of shares transferred to employees under the EEBR scheme based on any of the methods below:

(a) FIFO method;

(b) Weighted Average method on a transaction by transaction basis; or

(c) Weighted Average method on an interval-by-interval basis.

Once a method is adopted, the SPV must consistently apply the method for such purpose.

6.5.5 The example in Annex 4 illustrates the computation of amount of tax deduction for shares transferred to employees under an EEBR scheme administered by a SPV based on the FIFO method.

6.6 Timing of tax deduction

6.6.1 Tax deduction is allowed to a company at the later of the following points of time:

(a) when the SPV applies shares for the benefit of the company's employees; and

(b) when the company is liable to pay for the shares transferred to its employees.

6.6.2 Shares are considered to have been applied for the benefit of the employees when the shares vest to the employees[20].

6.6.3 Accordingly, where the company is recharged for the shares prior to the SPV's transfer of shares to its employees, it would be allowed the tax deduction only when the shares vest to the employees. Conversely, where the company is recharged for shares transferred to its employees at vesting, it may only claim a tax deduction of the cost outlay when it is liable to pay for the shares transferred.

6.6.4 As tax deduction for shares transferred under an EEBR scheme administered by a SPV is effective from YA 2012, the vesting of shares to employees must occur in the basis period for YA 2012 or subsequent YAs to be eligible for tax deduction. The recharge may be before or after the basis period for YA 2012. The examples in Annex 5 illustrate the deductibility and timing of tax deduction where a SPV administers an EEBR scheme.

6.6.5 No tax deduction is allowed to a company under this tax treatment if any tax deduction was allowed previously to the company in respect of the transferred shares.

7. Tax Deduction for Newly Issued Shares of the Holding Company

7.1 In practice, a corporate group may issue new shares of the holding company to fulfill its obligations under the EEBR scheme and the holding company or SPV will recharge the group companies for the new shares issued to the employees of group companies.

[20] The tax deduction for treasury shares and shares held in trust by SPV transferred to employees under an EEBR scheme are therefore aligned. Please refer to paragraph 5.2.3. In the case of ESOs, this typically occurs when the employees exercise their ESOs. In the case of share awards, this typically occurs when the shares are vested to the employees or if there is no vesting condition, when the shares are granted.

7.2 As announced in Budget 2025, to ensure that our tax regime remains relevant and competitive, a tax deduction on payments to the holding company or the SPV for the issuance of new shares of the holding company under EEBR scheme will be allowed with effect from YA 2026[21]. Section 15(1)(q) of the ITA will be amended to reflect the new tax treatment.

7.3 <u>Amount of tax deduction</u>

7.3.1 For payments to the holding company or the SPV, the amount of tax deduction will be the lower of:

(a) the amount paid by the company for the shares issued or transferred to its employees, and

(b) the price of the shares in the open market at the time of issue or transfer to the employees; or if it is not possible to determine that price, the net asset value of the shares at the time of issue or transfer to the employees.

In all instances, the amount deductible is reduced by any amount payable by employees for the shares.

7.3.2 Where the amount payable by the subsidiary's employees is higher than the amount determined in paragraph 7.3.1, no tax deduction is allowed to the subsidiary. However, in such cases, the subsidiary does not have to offset the excess amount against payments for subsequent issuance or transfer of new shares of the holding company to its employees.

7.4 <u>Timing of tax deduction</u>

7.4.1 The timing of tax deduction for newly issued shares of the holding company shares is aligned with the timing of deduction for treasury shares or shares acquired from the open market. Please refer to paragraphs 5.2, 5.8.4.3 – 5.8.4.5 and 6.6.

7.4.2 As tax deduction for newly issued shares of the holding company transferred under an EEBR scheme is effective from YA 2026, the vesting of shares to employees must occur in the basis period for YA 2026 or subsequent YAs to be eligible for tax deduction.

7.4.3 The ESOP or share awards can be granted before the basis period for YA 2026, so long as the vesting of shares to employees occurs in the basis period for YA 2026 or subsequent YAs. The recharge may be before or after the basis period for YA 2026.

[21] No tax deduction is allowed where the company issues new shares to the company's employees under an EEBR scheme. Similarly, no tax deduction is allowed on the payments to the SPV for issuance of new shares of the company to its own employees under an EEBR scheme.

8. Administrative Procedure

8.1 Companies claiming tax deduction for the cost of shares transferred to employees under an EEBR scheme are to provide the following details in their schedule of tax computations when making their claims:

(a) A description of the EEBR scheme (EEBR structure, relationship of the SPV with any company in the corporate group if any, source of shares acquired);

(b) <u>For claims prior to YA 2026</u>
Confirmation that no claims are made for newly issued shares of the company/holding company and that the claims are made in accordance with the provisions under section 14L/14M[22] of the ITA;

<u>For claims from YA 2026</u>
Confirmation that no claims are made for newly issued shares of the company and that the claims are made in accordance with the provisions under section 14L/14M/14MA[23] of the ITA;

(c) Description of method used to track cost of shares (to highlight if there was any change in the method, and if so the basis for the change) in that YA; and

(d) Amount of employee's contribution/payment for shares transferred to them.

9. Frequently Asked Questions relating to the use of SPVs to administer EEBR schemes

9.1 *Does the SPV have to be a newly set up entity to qualify for the tax deduction?*

No. The SPV can be an existing entity so long as it acts as a trustee of an EEBR trust that meets the requirements under the new framework for tax deduction. For example, an existing subsidiary may extend its function to become the trustee of an EEBR trust.

[22] Section 14M of the ITA was previously numbered as section 14PA in the Income Tax Act (Chapter 134).

[23] New section introduced in the proposed Finance (Income Taxes) Bill 2025, which must be passed by Parliament and assented to by the President before it becomes law.

9.2 *What are the forms of entities allowed for the SPV?*

The SPV can take any form as long as it is a legal person who can act as a trustee of an EEBR trust. For example, the SPV can be an existing company within the corporate group or an independent trustee company.

9.3 *Can a SPV be a trustee of more than one EEBR scheme or engage in other activities?*

Yes. The SPV may be an independent professional trustee, undertaking other functions like fund management, custodian services, etc. for other clients.

9.4 *Would the EEBR trust be allowed any tax deduction of losses incurred in respect of the trust activity?*

No. The EEBR trust cannot carry on a business. There should be no gain or loss recognized for tax purposes on its activities of acquiring and transferring shares under the EEBR scheme.

9.5 *Can the amount of tax deduction be based on FRS 102?*

No. It is the policy intent to not align tax deduction to accounting treatment of share-based expense determined under FRS 102, which contradicts the tax principle in this case.

10. Contact Information

For enquiries on the contents of this e-tax guide, please call 1800-356 8622.

11. Updates and Amendments

	Date of amendment	Amendments made
1	10 Apr 2018	• Updated Footnotes 7 and 8 with the revised e-Tax Guide titled "Tax Treatment of Employee Stock Options and Other Forms of Employee Share Ownership Plans (Second Edition)" that was published on 24 Jun 2013. • Removed "NEW" from the Table of Contents and paragraph 6. • Updated the dates in the examples in the Annexes 1 to 4.
2	24 May 2022	• Updated the renumbered provisions based on the Income Tax Act 1947 • Updated Footnotes 7 and 8 with the revised e-Tax Guide titled "Tax Treatment of Employee Stock Options and Other Forms of Employee Share Ownership Plans (Third Edition)" that was published on 25 Feb 2022. • Updated the dates in the examples in the Annexes 1 to 4.
3	30 Sep 2025	• Updated paragraphs 1.1, 5.8.3, 6.5.2, 6.5.3 and 8.1 and added paragraphs 2.9 – 2.14 and 7 and footnotes 21 and 23 to introduce tax deduction on payments to the holding company or SPV for the issuance of new shares of the holding company under EEBR schemes and simplify tax deduction rules for transfer of treasury shares under EEBR schemes. • Updated footnotes 7 and 8 with the revised e-tax guide on "Tax Treatment of Employee Stock Options And Other Forms of Employee Share Ownership Plans (Fifth Edition)" published on 3 April 2025. • Inserted Annex 1 to provide a summary of the amount of tax deduction from YA 2026 and renumbered the Annexes. • Updated the dates in the examples in the Annexes 2 to 5.

ANNEX 1 – SUMMARY OF THE AMOUNT OF TAX DEDUCTION FROM YA 2026

<table>
<tr><th rowspan="2"></th><th colspan="2">Treasury shares</th><th colspan="2">Shares acquired from the open market</th><th colspan="2">Newly issued shares</th></tr>
<tr><th>Company’s shares</th><th>Holding Company’s shares</th><th>Company’s shares</th><th>Holding Company’s shares</th><th>Company’s shares</th><th>Holding Company’s shares</th></tr>
<tr><td>No SPV administering the EEBR scheme</td><td>(III)</td><td>Lower of (I) & (III)</td><td>N/A</td><td>N/A</td><td>Nil</td><td>Lower of (I) & (IV)</td></tr>
<tr><td>SPV pays for shares it acquires & recharges the company for the shares transferred</td><td>(III)</td><td>Lower of (I) & (III)</td><td>N/A</td><td>N/A</td><td>Nil</td><td>Lower of (I) & (IV)</td></tr>
<tr><td rowspan="2">SPV is not charged for the shares it acquires & does not recharge the company for the shares transferred</td><td rowspan="2">(III)</td><td>Holding Company charges the company for the shares transferred: Lower of (I) & (III)</td><td rowspan="2">N/A</td><td rowspan="2">N/A</td><td rowspan="2">Nil</td><td>Holding Company charges the company for the shares transferred: Lower of (I) & (IV)</td></tr>
<tr><td>Holding Company does not charge the company for the shares transferred: Nil</td><td>Holding Company does not charge the company for the shares transferred: Nil</td></tr>
<tr><td>SPV acquires shares from the open market</td><td>N/A</td><td>N/A</td><td>Lower of (I) & (II)</td><td>Lower of (I) & (II)</td><td>N/A</td><td>N/A</td></tr>
</table>

Where: (I) Amount paid by the company
(II) Cost to the SPV in acquiring the shares transferred
(III) Cost to the company/holding company in acquiring the treasury shares
(IV) Open market price of the shares at the time of issue or transfer to the employees; or if it is not possible to determine that price, the net asset value of the shares at the time of issue or transfer to the employees.

In all instances, the amount deductible is reduced by any amount payable by employees for the shares.

ANNEX 2 – EXAMPLE ILLUSTRATING THE TIMING AND COMPUTATION OF AMOUNT OF TAX DEDUCTION TO BE GIVEN (WHERE NO SPV IS INVOLVED)

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The following table shows the timing and amount of the tax deduction for a company (with an accounting year end of 31 December) that has used treasury shares to fulfill its obligations under its EEBR schemes not administered by a SPV.

		ESO scheme	**Share award scheme**
	Example: Details of acquisition of treasury shares: Date of Purchase / No. of treasury shares acquired / Cost 31 Jan 2024 / 2,000 / $ 4,000 5 Apr 2024 / 5,000 / $ 7,500 12 Aug 2024 / 1,000 / $ 3,000 Total: 8,000 / $14,500	Date of grant of option: 5 Dec 2020 Date of exercise: 8 May 2024 No. of options exercised: 3,000 Exercise price payable by employee: $1 per share	Date of grant of shares (with vesting imposed): 31 Mar 2021 Date of vesting: 3 Sep 2024 No. of shares vested to employees: 4,500
A	**Whether tax deduction for treasury shares can be given to company**	Since the options are exercised on or after 30 Jan 2006, a tax deduction will be given to the company for shares transferred to employees under the ESO scheme.	Since the shares are vested to the employees on or after 30 Jan 2006, a tax deduction will be given to the company for shares transferred to employees under the share award scheme. *[Note: For share awards with no vesting imposed, a tax deduction will be given for shares granted on or after 30 Jan 2006]*
B	**Timing of tax deduction**	At the date of exercise – 8 May 2024 (i.e. tax deduction given for YA 2025)	At the date of vesting – 3 Sep 2024 (i.e. tax deduction given for YA 2025)

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C	**Amount of tax deduction to be given if "first-in-first-out" method is used**	(i) Upon exercise of the options on 8 May 2024:	
		Cost of 2,000 shares acquired on 31 Jan 2024	$4,000
		Cost of 1,000 shares acquired on 5 Apr 2024	1,500
		Cost of 3,000 shares transferred on 8 May 2024	5,500
		Less: Exercise price payable by employees	(3,000)
		Tax deduction to be allowed	$2,500
		(ii) Upon vesting of shares to employees on 3 Sep 2024:	
		Cost of 4,000 shares acquired on 5 Apr 2024	$6,000
		Cost of 500 shares acquired on 12 Aug 2024	1,500
		Cost of 4,500 shares transferred on 3 Sep 2024	7,500
		Less: Amount payable by employees	NIL
		Tax deduction to be allowed	$7,500
		Total tax deduction to be allowed for YA 2025 ($2,500 + $7,500)	$10,000
D	**Amount of tax deduction to be given if weighted average method is used** *[Note: Cost of treasury shares computed based on transaction-by-transaction basis]*	(i) Upon exercise of the options on 8 May 2024:	
		Cost of 3,000 shares (3,000 / 7,000 x $11,500)	$4,929
		Less : Exercise price payable by employees	(3,000)
		Tax deduction to be allowed	$1,929
		(ii) Upon vesting of shares to employees on 3 Sep 2024:	
		Cost of 4,500 shares [4,500 / 5,000 x ($14,500 - $4,929)]	$8,614
		Less: Amount payable by employees	NIL
		Tax deduction to be allowed	$8,614
		Total tax deduction to be allowed for YA 2025 ($1,929 + $8,614)	$10,543

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E	**Amount of tax deduction to be given if weighted average method is used** *[Note: Cost of treasury shares computed based on interval-by-interval basis]*	Assuming the company has chosen 12 months as the regular interval, the tax deduction to be allowed for the treasury shares transferred under the EEBR schemes is as follows: Cost of 7,500 shares transferred (7,500/8,000 x $14,500) $13,594 Less: Amount payable by employees (3,000) Tax deduction to be allowed for YA 2025 $10,594

ANNEX 3 – EXAMPLE ILLUSTRATING THE APPLICATION OF THE EXCESS AMOUNT TO REDUCE THE COST OF TREASURY SHARES

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Details of treasury shares acquired and disposed of/transferred by Company X:

Date	Transaction	No. of treasury shares	Cost per shares ($)	No. of shares outstanding	Total cost				
					Using "first-in-first-out" method		Using weighted average method		
					Add/(less)	Bal ($)	Add/(less)	Bal ($)	Weighted average price
31 Jan 2024	Purchase of shares for cash	3,000	2.00	3,000	3,000@2.00 = 6,000.00	6,000.00	3,000@2.00 = 6,000.00	6,000.00	2.00
1 Apr 2024	Purchase of shares for cash	7,000	1.80	10,000	7,000@1.80 = 12,600.00	18,600.00	7,000@1.80 = 12,600.00	18,600.00	1.86
30 Apr 2024	Transferred under ESO plan	(1,400)	-	8,600	(1,400@2.00) = (2,800.00)	15,800.00	(1,400/10,000 x 18,600) = (2,604.00)	15,996.00	1.86
2 May 2024	Sale of shares for cash	(2,000)	-	6,600	(1,600@2.00 + 400@1.80) = (3,920.00)	11,880.00	(2,000/8,600 x 15,996) = (3,720.00)	12,276.00	1.86
8 May 2024	Transferred under ESO plan	(4,100)	-	2,500	(4,100@1.80) = (7,380.00)	4,500.00	(4,100/6,600 x 12,276) = (7,626.00)	4,650.00	1.86
6 Jul 2024	Purchase of shares for cash	2,500	2.20	5,000	2,500@2.20 = 5,500.00	10,000.00	2,500@2.20 = 5,500.00	10,150.00	2.03
15 Sep 2024	Purchase of shares for cash	1,000	2.30	6,000	1,000@2.30 = 2,300.00	12,300.00	1,000@2.30 = 2,300.00	12,450.00	2.075
30 Sep 2024	Transferred under ESO plan	(3,300)	-	2,700	(2,500@1.80 + 800@2.20) = (6,260.00)	6,040.00	(3,300/6,000 x 12,450) = (6,847.50)	5,602.50	2.075
30 Nov 2024	Transferred under ESO plan	(2,700)	-	0	(1,700@2.20 + 1,000@2.30) = 6,040.00	0.00	(2,700/2,700 x 5,602.50) = (5,602.50)	0.00	0.00

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Details of the stock option plans of Company X:

Date of grant of options	Expiry date	Exercise price ($)	No. of options outstanding as at 1 Jan 2016	Exercise date	No. of options exercised	Amount payable by employees upon exercise ($)
9 May 2019	9 May 2024	1.90	5,500	30 Apr 2024	1,400	2,660.00
				8 May 2024	4,100	7,790.00
19 Oct 2020	19 Oct 2025	1.80	6,300	30 Sep 2024	3,300	5,940.00
19 Dec 2020	19 Dec 2025	2.00	4,500	30 Nov 2024	2,700	5,400.00
Total			16,300		11,500	21,790.00

Movements in the number of stock options and their related exercise price:

	Date of grant of options						Total options outstanding
	9 May 2019		19 Oct 2020		19 Dec 2020		
	Options outstanding	Exercise price	Options outstanding	Exercise price	Options outstanding	Exercise price	
As at 1 Jan 2024	5,500	1.90	6,300	1.80	4,500	2.00	16,300
As at 30 Apr 2024 (1,400 exercised)	4,100	1.90	6,300	1.80	4,500	2.00	14,900
As at 8 May 2024 (4,100 exercised)	0		6,300	1.80	4,500	2.00	10,800
As at 30 Sep 2024 (3,300 exercised)	0		3,000	1.80	4,500	2.00	7,500
As at 30 Nov 2024 (2,700 exercised)	0		3,000	1.80	1,800	2.00	4,800

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Computation of amount of tax deduction to be given using the different methods:

		"First-in-first-out" method		**Weighted average method on a transaction-by-transaction basis**		**Weighted average method on a half-yearly basis**	
		$	**$ Special a/c**	**$**	**$ Special a/c**	**$**	**$ Special a/c**
Upon exercise of options on 30 Apr 2024	Cost of shares transferred	2,800.00		2,604.00			
	Less: Amount payable by employees	(2,660.00)		(2,660.00)			
	Excess of exercise price over cost			(56.00)	56.00		
	Amount of tax deduction to be given	**140.00**		**NIL**			
Upon exercise of options on 8 May 2024	Cost of shares transferred	7,380.00		7,626.00		10,230.00[a]	
	Less: Amount payable by employees	(7,790.00)		(7,790.00)		10,450.00[b]	
	Excess of exercise price over cost	(410.00)	410.00	(164.00)	164.00	(220.00)	220.00
	Amount of tax deduction to be given	**NIL**		**NIL**		**NIL**	
	Balance in special account				220.00		
Upon exercise of options on 30 Sep 2024	Cost of shares transferred	6,260.00		6,847.50			
	Less: Amount payable by employees	(5,940.00)		(5,940.00)			
		320.00		907.50			
	Less: Amount from special account	(320.00)	(320.00)	(220.00)	(220.00)		
	Amount of tax deduction to be given	**NIL**		**687.50**			
	Balance in special account		90.00		NIL		
Upon exercise of options on 30 Nov 2024	Cost of shares transferred	6,040.00		5,602.50		12,450.00[c]	
	Less: Amount payable by employees	(5,400.00)		(5,400.00)		11,340.00[d]	
		640.00		202.50		1,110.00	
	Less: Amount from special account	(90.00)	(90.00)	0.00		(220.00)	(220.00)
	Amount of tax deduction to be given	**550.00**		**202.50**		**890.00**	
	Balance in special account		NIL				NIL
Total tax deduction for YA 2025		**690.00**		**890.00**		**890.00**	

a = Aggregate cost of shares transferred from Jan to Jun 2024 = $^{(1,400 + 4,100)}/_{(3,000 + 7,000)}$ x (6,000 + 12,600)

b = Total amount payable by employees for options exercised from Jan to Jun 2024 = 2,660 + 7,790

c = Aggregate cost of shares transferred from Jul to Dec 2024 = $^{(3,300 + 2,700)}/_{(2,500 + 2,500 + 1,000)}$ x (4,650 + 5,500 + 2,300)

d = Total amount payable by employees for options exercised from Jul to Dec 2024 = 5,940 + 5,400

ANNEX 4 – EXAMPLE ILLUSTRATING THE COMPUTATION OF AMOUNT OF TAX DEDUCTION FOR SHARES TRANSFERRED UNDER AN EEBR SCHEME ADMINISTERED BY A SPV BASED ON THE FIFO METHOD

(1) The SPV adopts the FIFO method of costing Co A's shares used for the EEBR scheme it is administering for Co A.

(2) The accounting year-end of Co A is 31 Dec

Date	Transaction of SPV	No. of shares	Cost/ share ($)	Bal no. of shares	Cost using FIFO method of costing: Add/(less)	Cost using FIFO method of costing: Bal Total cost ($)	Comparative costs	Lower/ lowest cost	Allowable amount ($)
02-May-2022	Paid cash for Co A's shares from SGX	3,000	2.00	3,000	3,000 x 2.00 = 6,000	6,000			
01-Mar-2023	Bought Co A's TS from Co A	7,000	1.80	10,000	7,000 x 1.80 = 12,600	18,600			
	(Co A has bought these TS from the market at $1.50/share)								
30-Apr-2023	Transferred shares under ESO plan	(1,400)		8,600	(1,400) x 2.00 = (2,800) OR	15,800		Lower of the cost [Para 6.5.3 (a)]	**2,380**
	(recharged Co A the transferred shares at FV of $1.70/share)						(1,400) x 1.70 = 2,380		
30-Jun-2023	Transferred shares under ESO plan	(4,100)		4,500	(1,600) x 2.00 = (3,200) OR	12,600		[Para 6.5.3 (a)] i.e. 2,560	(2,560 + 3,750) = **6,310**
	(recharged Co A the FV of transferred shares $1.60/share)						(1,600) x 1.60 = 2,560		
				4,500	(2,500) x 1.80 = (4,500) OR	8,100		Lowest of the costs [Para 6.5.3 (b)] i.e. 3,750	
	(recharged Co A the transferred shares at FV of $1.60/share)						(2,500) x 1.60 = 4,000 OR		
	(cost of treasury shares being transferred to SPV)						(2,500) x 1.50 = 3,750		
07-Jul-2023	Purchased shares from open market	5,500	1.80	10,000	5,500 x 1.80 = 9,900	18,000			
02-Jan-2024	Transferred shares under ESO plan	(3,000)		7,000	(3,000) x 1.80 = (5,400) OR	12,600		Lowest of the costs [Para 6.5.3 (b)] i.e. 4,200	
	(recharged Co A the transferred shares at FV of $1.40/share)						(3,000) x 1.40 = 4,200 OR		**4,200**
	(cost of treasury shares before being transferred to SPV)						(3,000) x 1.50 = 4,500		

If the employees paid $3,000 for the transferred shares in 2023, the amount to be allowed for YA 2024 = $ (2,380 + 6,310 - 3,000) = $5,690
If the employees paid $3,000 for the transferred shares in 2024, the amount to be allowed for YA 2025 = $ (4,200 - 3,000) = $1,200

ANNEX 5 – EXAMPLES ILLUSTRATING THE DEDUCTIBILITY AND TIMING OF TAX DEDUCTION WHERE SPV ADMINISTERS THE EEBR SCHEME

Companies A, B, C and D grant their employees share awards under an EEBR scheme administered by a SPV. All the companies have financial year ending on 31 December.

The companies incur the cost of shares awarded to their respective employees either before or after the shares are vested to these employees as illustrated below:

Shares awarded to employees of :	Date of vesting of shares to employee	Date of Payment for shares	Tax Deduction
Company A	Sep 2010	Mar 2011	Disallowed (Note 1)
Company B	Feb 2024	Dec 2023	Allowed in the YA 2025 (Note 2)
Company C	Mar 2023	Jan 2024	Allowed in the YA 2025
Company D	Apr 2024	Dec 2023	Allowed in the YA 2025

Notes:

1. Although payment is made in basis period for YA 2012, the shares were vested prior to the basis period for YA 2012.
2. Since the shares are vested in the basis period for YA 2025, tax deduction is allowed in YA 2025 (despite payment being made in an earlier basis period).