

Advance Ruling Summary No. 16/2025
Published on 1 Aug 2025

1. Subject:

- a. Whether the gains arising from the proposed transfers of the interests in the Properties (as defined below) will be regarded as capital in nature and hence are not taxable under the provisions of the Income Tax Act 1947 (the “ITA”).
-

2. Relevant background and facts:

- a. Company A is incorporated in Singapore.
 - b. Company A owns a number of properties for various purposes, including properties developed for sale and investment properties held for long-term investment purposes to derive recurring rental income.
 - c. Pursuant to an intra-group restructuring exercise, Company A intends to transfer a few investment properties (the “**Properties**”) to newly formed, wholly-owned Singapore subsidiary companies (the “**Proposed Transfer**”). The transfer will be based on the fair value of the Properties on or around the date of transfer.
 - d. Each of the Properties has been held by Company A for more than 20 / 50 years.
 - e. The Properties have been generating regular rental and other ancillary income for Company A, barring normal periods of vacancy and refurbishment/upkeep. The rental income from these Properties have been subject to tax under section 10(1)(a) of the ITA, subject to section 10D.
 - f. Company A has not disposed any investment properties within the last 10 years.
 - g. No supplementary works have been / would be carried out for the purpose of the transfers and there are no marketing efforts by Company A to market the Properties through any means, as there is no intention for external sale.
 - h. There are no outstanding bank loans relating to the Properties currently.
-

3. Relevant legislative provisions:

- a. Income Tax Act 1947 – Section 10(1)
-

4. The ruling:

- a. Any gains derived by Company A from the Proposed Transfer are capital in nature and hence are not taxable under the provisions of the ITA.
-

5. Reasons for the decision:

- a. The Proposed Transfer is regarded as a capital transaction, after taking into consideration the following factors:
 - (i) The holding period of the Properties;
 - (ii) The use of the Properties since their acquisition;
 - (iii) Frequency of similar transaction by Company A; and
 - (iv) Circumstances of the realisation
-

6. General Reference:

- a. Taxpayers may refer to the factors listed on IRAS website¹ that the Comptroller of Income Tax considers when determining whether or not a trade is being carried on.
-

Disclaimer

The published summary of the advance ruling is for general reference only. It is binding only in respect of the applicant of the advance ruling and the specified transaction under consideration of the advance ruling. All taxpayers should exercise caution in relying upon the published summary of the advance ruling, as the Comptroller is not bound to apply the same tax treatment to a transaction that is similar to the specified transaction.

Please note that IRAS will not update the published ruling to reflect changes in the tax laws or our interpretations of the tax laws.

¹ The said factors can be found at the following address:
<https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Taxable-and-Non-Taxable-Income/Determining-the-Existence-of-a-Trade/>