## 1. Subject:

#### Whether:

a. the amount of X% in excess of the principal amount of the notes due in Year (T+2) (the "Notes") in the computation of the Early Tender Offer Consideration (as defined below) (i.e. the "Tender Fees") would be treated as "early redemption fee" or "redemption premium" (as defined in section 13(16) of the Income Tax Act 1947 (the "ITA")), under the qualifying debt securities ("QDS") scheme, in which case the Tender Fees would not be subject to withholding tax when paid or deemed paid to by the Issuer to non-resident holders of the Notes (the "Holders"); and

b. Holders would be entitled to the QDS tax concessions and exemptions in respect of such amounts under sections 13(1)(ba) and 43H of the ITA, and individuals deriving such income (other than through a partnership in Singapore or from the carrying on of a trade, business or profession in Singapore) would be exempt from tax on such income under section 13(1)(zk) of the ITA.

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## 2. Relevant background and facts:

- a. The Issuer is a Singapore incorporated company. The Notes issued by the Issuer are QDS for the purposes of the ITA.
- b. The Issuer has made an offer to purchase for cash any and all of its outstanding Notes (the "**Tender Offer**") validly tendered and accepted for purchase, subject to the terms and conditions of the offer to purchase dated Year T in respect of the Notes.
- c. The consideration payable by the Issuer to the Holders for Notes validly tendered and accepted for purchase before or at the early tender deadline is (100 + X)% (the "Early Tender Offer Consideration") of the principal amount of the Notes in addition to accrued interest.
- d. The Tender Offer and payment of the Tender Fees occurred after 15 February 2023.

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### 3. Relevant legislative provisions:

- a. Income Tax Act 1947 Sections 13(1)(ba), 13(1)(zk), 13(2F), 13(16), 43H and 45A(2B)(a)
- b. Income Tax (Qualifying Debt Securities) Regulations

# 4. The rulings:

a. The Tender Fees would be regarded as "early redemption fee" under section 13(16) of the ITA. Subject to satisfying the governing conditions under sections 43H and 13(2F) of the ITA, and the Income Tax (Qualifying Debt Securities) Regulations, where applicable:

- (i) Holders deriving the Tender Fees would be entitled to tax exemptions and concessions available under sections 13(1)(ba) and 43H of the ITA, and individuals deriving such income (other than through a partnership in Singapore or from the carrying on of a trade, business or profession in Singapore) would be exempt from tax on such income under section 13(1)(zk) of the ITA; and
- (ii) The Tender Fees would not be subject to withholding tax when paid or deemed paid by the Issuer to non-resident Holders under section 45A(2B)(a) of the ITA.

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#### 5. Reasons for the decision:

- a. With effect from 15 February 2023, the scope of qualifying income under the QDS scheme has been streamlined such that all payments made by the issuer of the QDS on the redemption of the QDS upon its maturity or on the early redemption of the QDS are qualifying income.
- b. The purchase of the Notes by the Issuer pursuant to the Tender Offer before the Notes' maturity date of Year (T+2) constitutes an early redemption of the Notes. There is a fee payable by the Issuer in relation to the early redemption of the Notes. Accordingly, the Tender Fees falls within the definition of "early redemption fee" under section 13(16) of the ITA.

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