

## **Group Relief: Frequently Asked Questions**

**(Updated as at 16 Feb 2017)**

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Corporations often organise themselves into multiple holding companies, subsidiaries and associate companies to reflect the structure of their business and to limit liabilities. Before the introduction of the group relief system, companies within a group are not allowed to offset the losses of one company against the taxable profits of another within the same group. As a result, setting up separate companies may result in a higher aggregate tax payable for the whole group. In an effort to encourage risk taking and enterprise, the Government has introduced the group relief system which takes effect from Year of Assessment (YA) 2003.

This guide gives an overview of the Group Relief (“GR”) system and includes instructions on how to complete the GR Forms. Full details of the GR system are set out in the IRAS e-Tax Guide published on 6 Sep 2011 and legislative provisions are provided under Section 37C of the Income Tax Act.

### **Group Relief - At A Glance**

1. Takes effect from Year of Assessment 2003
2. Only available to Singapore incorporated companies belonging to the same group
3. Transferor and claimant companies must satisfy 75% ordinary shareholding level
4. 75% ordinary shareholding level must be maintained during the continuous period
5. Transferor and claimant companies must have the same accounting year end
6. Only current year unabsorbed capital allowances/trade losses/donations can be transferred

### **What You Need to Know - An Overview**

#### **1. What is group relief?**

The group relief system basically recognises group companies as a single entity by allowing the current year unabsorbed capital allowances/trade losses/donations (collectively known as “loss items”) of one company to be offset against the assessable income\* of another company belonging to the same group. The transfer of loss items under the GR system is known as “group relief”.

The company that transfers its loss items is known as the transferor company. The company that claims the loss items is known as the claimant company.

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\*Assessable income of a company refers to assessable income as determined under section 37, after deducting any investment allowance under part X of the Economic Expansion Incentive (Relief from Income Tax) Act.

#### **2. When does GR system take effect?**

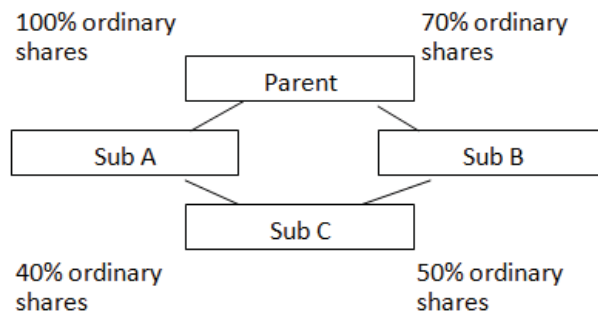
It takes effect from YA 2003.

### 3. What is a group?

A group consists of a Singapore incorporated company and its Singapore incorporated group members. Two Singapore incorporated companies are members of the same group if

- (a) at least 75% of the ordinary share capital in one company is beneficially held, directly or indirectly, by the other; or
- (b) at least 75% of the ordinary share capital in each of the two companies is beneficially held, directly or indirectly, by a third Singapore incorporated company.

#### **Example 1**



| Loss set-off between | Allowed? | 75% ordinary shareholding threshold satisfied?                 |
|----------------------|----------|--|
| Parent & A           | Yes      | 100% (direct shareholding)                                     |
| Parent & B           | No       | 70% (direct)   |
| Parent & C           | Yes      | $75\% = [(100\% \times 40\%) + (70\% \times 50\%)]$ (indirect) |
| A & B                | No       | Parent & A = 100% (direct), Parent & B = 70% (direct)          |
| A & C                | Yes      | Parent & A = 100% (direct), Parent & C = 75% (indirect)        |
| B & C                | No       | Parent & B = 70% (direct), Parent & C = 75% (indirect)         |

### 4. How is the 75% ordinary shareholding level determined?

The 75% ordinary shareholding requirement is determined by using two tests:

First Level Test: Ordinary shareholding requirement and

Second Level Test : Profits and assets available for distribution.

#### **First Level Test**

Ordinary shares are all shares issued by a company apart from shares that carry a right to fixed dividends i.e., dividends payable based on

- (a) a fixed amount;
- (b) a fixed rate percentage of the nominal value of the shares; or
- (c) a fixed rate percentage of the profits of the company.

## **Second Level Test**

The holders of ordinary shares must demonstrate that they are beneficially entitled, directly or indirectly, to at least 75% of

- (a) any residual profits of the company available for distribution to the company's equity holders; and
  - (b) any residual assets of the company available for distribution to the company's equity holders upon notional winding up of the company.
- Equity holders include all holders of ordinary shares and any creditors in respect of non-commercial loans\*.
  - Residual profits are profits of the company:
    - (a) after deducting any fixed dividends on all shares (including any fixed dividends on ordinary shares);
    - (b) but before deducting any non-fixed return on non-commercial loans and any non-fixed dividend on ordinary shares.
  - Residual assets available for distribution to equity holders are net assets of the company upon a notional winding up, after distribution to commercial loan creditors and shareholders other than ordinary shareholders.

Where the residual profits or residual assets are less than or equal to zero in any YA, notional amount of \$100 will be used to compute equity holder's notional entitlement.

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\* Non-commercial loans are any borrowings other than commercial loans. Commercial loans are any borrowings which entitle the creditor to only a fixed return i.e., a return payable at a fixed amount, a fixed rate percentage (including a specified floating rate) of the principal value of the loan, or a fixed rate percentage of the profits of the company which obtained the loan. In other words, non-commercial loans are any borrowings which entitle the creditor to variable profit participation in a company.

## **Example 2**

Co. X is a Singapore incorporated company with accounting profits of \$100 for YA 2017. It has negative residual assets as at the end of the basis period.

Its capital structure is as follows:

| <b><u>Share Capital</u></b> | <b><u>Type 1 shares</u></b><br>- confers right to share in profits based on share capital held (nominal value: \$1) |                     | <b><u>Type 2 shares</u></b><br>- pays fixed dividend of 8% p.a. & confers right to share in profits based on share capital held (nominal value: \$1) |                    |
|-----------------------------|---|---------------------|--|--------------------|
| Shareholders                | Co. A<br>500 shares   | Co. B<br>200 shares | Co. A<br>250 shares  | Co. B<br>50 shares |

| Loan                | Principal Value | Rate of Return   | Annual Return          |
|---------------------|-----------------|--|------------------------|
| Loan creditor Co. Z | \$500           | 3% p.a. + right to share in profits based on principal value of loan | \$15 + variable profit |

To determine whether Co. X and Co. A are members of the same group for YA 2017, we apply the two tests:

Level 1 Test: Ordinary Shareholding Requirement

- Total value of ordinary shares (for the purpose of group relief) issued by Co. X =  $\$(500 + 200 + 300) = \$1,000$
- Total value of ordinary shares held by Co. A =  $\$(500 + 250) = \$750$
- Co. A owns 75% (i.e.,  $750/1,000$ ) of the ordinary shares issued by Co. X. Co. A therefore satisfies the first level test.

Level 2 Test: Profits & Assets Test

- The equity holders in this case are Co. A, Co. B, and Co. Z (non-commercial loan creditor).
- Computation of residual profits and each equity holder's entitlement:

|  |        |
|--|--------|
| Accounting profit<br>(after deducting the \$15 fixed return for non-commercial loan) | \$100  |
| Less: Distribution of fixed dividend<br>Co. A, 250 shares @ 8%                       | (\$20) |
| Co. B, 50 shares @ 8%  | (\$4)  |
| Residual profits available for distribution* to equity holders:                      | \$76   |
| Co. A, $(750/1,500) \times \$76$   | \$38   |
| Co. B, $(250/1,500) \times \$76$   | \$13   |
| Co. Z, $(500/1,500) \times \$76$   | \$25   |

\* Assuming that the ratio of distribution, as agreed amongst the equity holders, is determined using the value of the ordinary shares (total \$1,000) and the value of the non-commercial loan (\$500).

Co. A's percentage entitlement to the residual profits of Co. X is =  $\$38/\$76 = 50\%$ .

- Computation of residual assets and each equity holder's entitlement:

Since Co. X has negative residual assets, notional residual assets of \$100 is used for the test. Assuming that the agreed ratio used to compute the equity holders' entitlement to the residual assets is the same as that used for residual profits, Co. A's entitlement to the residual assets is also 50%.

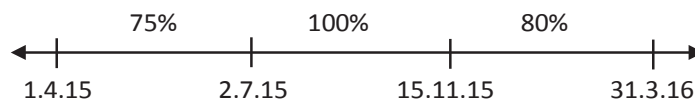
- Co. A's beneficial entitlement to Co. X's profits and assets is less than 75%. Co. A has therefore failed the second level test and it cannot form a group with Co. X for the purpose of group relief.

**5. What is the period during which the 75% ordinary shareholding level must be maintained and the quantum of loss items to be transferred?**

The ordinary shareholding level must be maintained at or above 75% during the continuous period that ends on the last day of the basis period. Where the continuous period covers the whole basis period of that YA, all the loss items can be transferred, subject to the claimant company's assessable income for the same period.

**Example 3**

Co. A owns Co. B directly and the two companies have the same accounting year end of 31 Mar. The shareholding of Co. A in Co. B is maintained at or above 75% during the year ended 31.3.16 as shown below.



All the loss items can be transferred/claimed between Co. A and Co. B subject to the assessable income for the same period.

Where the shareholding level on the last day of the basis period for a YA falls below 75%, the companies cannot enjoy group relief for that YA.

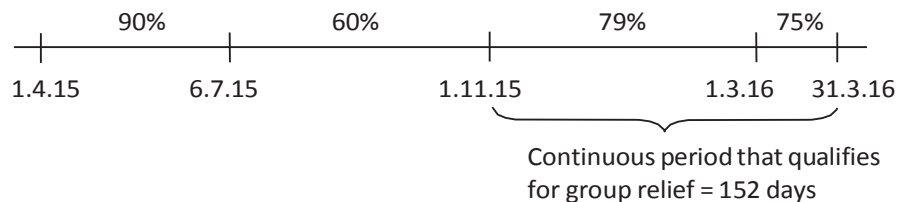
Using Example 3 above, if the shareholding level of Co. A in Co. B is less than 75% on 31.3.16, then no group relief is available for the whole of YA 2017.

**6. What is the quantum of loss items to be transferred if the continuous period does not cover the whole basis period?**

In this situation, only the loss items attributable to that continuous period ending on the last day of the basis period can be transferred, subject to the claimant company's assessable income for the same period.

**Example 4**

Co. P owns Co. S directly and the two companies have the same accounting year end of 31 Mar. The shareholding of Co. P in Co. S fluctuates during the year ended 31.3.16 as shown below.



Co. S has loss items of \$80,000 while Co. P has assessable income of \$100,000. The amount of group relief that can be transferred is the lower of:

- (a) Co. S (transferor company)'s loss items available for GR  
= \$80,000 x (152 days/365 days) = \$33,315

OR

- (b) Co. P (claimant company)'s assessable income available for GR  
 $= \$100,000 \times (152 \text{ days}/365 \text{ days}) = \$41,644$

In this case, the amount of group relief available for YA 2017 is therefore \$33,315.

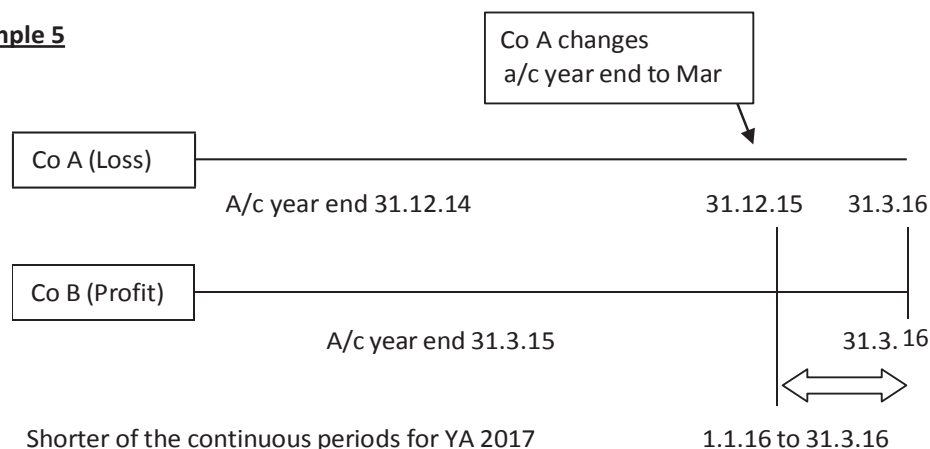
## 7. What if there are two different continuous periods?

Where two companies are owned directly or indirectly by a third Singapore incorporated company and the length of the continuous periods for both companies do not coincide, only the amount of loss items attributable to the shorter of the two continuous periods can be transferred from one company to the other. An example is shown in the section on [“How to Complete the Group Relief Forms”](#).

## 8. Do the transferor and claimant companies need to have the same accounting year end?

Yes. If the two companies have different accounting year end, they will not be eligible for group relief. This is so even if the two companies are members of the same group for group relief purpose. If they wish to enjoy the group relief, they will have to change the accounting year end to coincide with each other.

### Example 5



Co. A's accounting year end is Dec while Co. B's accounting year end is Mar. Co. A is unable to transfer its loss items to Co. B as their accounting year ends are different. Hence, Co. A changes its accounting year end to coincide with Co. B, i.e. Mar and prepares its accounts for the 15 month period from 1.1.15 to 31.3.16.

For tax purposes, the basis periods for YA 2017 for Co. A and Co. B are:

Co. A: 1.1.16 to 31.3.16

Co. B: 1.4.15 to 31.3.16

The period that qualifies for group relief is the shorter of the two periods for YA 2017, i.e., the 3 months from 1.1.16 to 31.3.16.

## 9. What can be transferred?

The items that can be transferred are:

- (a) Current year unabsorbed capital allowances
- (b) Current year unabsorbed trade losses
- (c) Current year unabsorbed donations

### Example 6

|  |                    |
|--|--------------------|
| Adjusted loss                                      | <u>(100,000) *</u> |
| Unabsorbed losses of prior years                   | <u>(80,000)</u>    |
| Interest income                                    | 80,000             |
| Less: Unabsorbed capital allowances of prior years | <u>70,000</u>      |
|  | 10,000             |
| Less: Current year capital allowances              | <u>120,000</u>     |
| Current unabsorbed capital allowances              | <u>110,000 *</u>   |

\* In this example, the adjusted loss (i.e., current year unabsorbed trade loss) of \$100,000 and current year unabsorbed capital allowances of \$110,000 are available for transfer.

## 10. What cannot be transferred?

The following items cannot be transferred:

- (a) Prior years' unabsorbed losses/capital allowances/donations
- (b) Losses attributable to the operation of foreign branches
- (c) Investment allowances
- (d) Loss items in respect of an activity or trade, the income from which is wholly exempt from tax. Even if there are provisions for such loss items to be deducted against other non-exempt income within the same company at the end of the incentive period, these loss items are not available for transfer.
- (e) Current year unabsorbed capital allowances and current year unabsorbed trade losses in respect of specific categories of activities or trade that are only deductible against assessable income from such activities or trade (e.g. income from finance leases taxable under section 10D of Income Tax Act, income from business of hiring out motor cars under section 10H of Income Tax Act, etc.).
- (f) Loss items of companies enjoying the following incentives under the Economic Expansion Incentive (Relief from Income Tax) Act:
  - investment in new technology companies
  - technopreneur investment incentive
  - overseas investment and venture capital incentives.



- (g) Excess of current year expenses and capital allowances over income derived from income-producing investments of section 10E companies which are not allowed to be carried forward. Only current year unabsorbed industrial building allowances (with effect from YA 2007), land intensification allowances and donations can be transferred.
- (h) Current year expenses of dormant companies (reason: expenses are to be disregarded). Only current year unabsorbed donations can be transferred.
- (i) Excess of current year expenses over investment income derived by passive investment holding companies (reason: the excess expenses are to be disregarded). Only current year unabsorbed industrial building allowances, land intensification allowances and donations can be transferred).

#### **11. What is the order of transfer/ claim?**

The loss items will be transferred/ claimed in the following order:

- 1) Capital allowances
- 2) Losses
- 3) Donations

Where within each category of loss items, there are amounts relating to income subject to tax at more than one rate of tax, any amount relating to income subject to tax at the higher rate of tax will be transferred first, followed by amount relating to income subject to tax at a lower rate of tax (subject to the adjustment specified under section 37B of the Income Tax Act, if applicable).

Similarly, where a claimant company has assessable income subject to tax at more than one rate of tax, the loss items will be allowed first against its assessable income subject to tax at the higher rate of tax, followed by its assessable income subject to tax at the lower rate of tax (subject to the adjustment specified under section 37B of the Income Tax Act, if applicable).

#### **12. How much can be transferred?**

Full amount of the loss items can be transferred to the extent that it can be absorbed by the claimant company.

#### **13. Can a transferor company transfer loss items to more than one claimant company?**

Yes, but it has to specify the order of priority of the claimant companies. Once specified, the order of priority is irrevocable.

The loss items must be fully set off against the assessable income of the first claimant company before the excess loss items can be set off against the assessable income of second claimant company and so on.

If the loss items cannot be fully claimed by the claimant companies, the balance will be retained within the transferor company for setoff against its future profits (subject to the conditions imposed under the Income Tax Act (e.g. shareholding test, maximum five YAs for carrying forward of donations, etc.)).

**Example 7**

Transferor company has specified the order of transfer as follows:

| <u>Order</u>                          | <u>Claimant Company</u> |                   |                   |                   |
|---------------------------------------|-------------------------|-------------------|-------------------|-------------------|
| 1                                     | A                       |                   |                   |                   |
| 2                                     | B                       |                   |                   |                   |
|                                       |                         | <b>Scenario 1</b> | <b>Scenario 2</b> | <b>Scenario 3</b> |
|                                       |                         | \$                | \$                | \$                |
| <u>Transferor Company</u>             |                         |                   |                   |                   |
| Loss items                            |                         | (4,000)           | (1,000)           | (6,000)           |
| Less: Loss items transferred to Co. A |                         | 2,000             | 1,000             | 2,000             |
| Loss items transferred to Co. B       |                         | 2,000             | 0                 | 3,000             |
| Amount to be carried forward          |                         | 0                 | 0                 | (1,000)           |
| <u>Claimant Company A</u>             |                         |                   |                   |                   |
| Assessable income                     |                         | 2,000             | 2,000             | 2,000             |
| Less: Loss items claimed              |                         | (2,000)           | (1,000)           | (2,000)           |
| Assessable income (after GR)          |                         | 0                 | 1,000             | 0                 |
| <u>Claimant Company B</u>             |                         |                   |                   |                   |
| Assessable income                     |                         | 3,000             | 3,000             | 3,000             |
| Less: Loss items claimed              |                         | (2,000)           | 0                 | (3,000)           |
| Assessable income (after GR)          |                         | 1,000             | 3,000             | 0                 |

**14. Can a claimant company claim loss items from more than one transferor company?**

Yes, but it has to specify the order of priority of the transferor companies. Once specified, the order of priority is irrevocable.

The loss items transferred from the first transferor company must be fully deducted against the assessable income of the claimant company before loss items can be transferred from a second transferor company, and so on.

**Example 8**

The claimant company has specified the order of set-off as follows:

| <u>Order</u>                 | <u>Transferor Company</u> |                   |                   |                   |
|------------------------------|---------------------------|-------------------|-------------------|-------------------|
| 1                            | X                         |                   |                   |                   |
| 2                            | Y                         |                   |                   |                   |
|                              |                           | <b>Scenario 1</b> | <b>Scenario 2</b> | <b>Scenario 3</b> |
|                              |                           | \$                | \$                | \$                |
| <u>Transferor Company X</u>  |                           |                   |                   |                   |
| Loss items                   |                           | (50,000)          | (120,000)         | (30,000)          |
| Less: Loss items transferred |                           | 50,000            | 100,000           | 30,000            |
| Amount to be carried forward |                           | 0                 | (20,000)          | 0                 |
| <u>Transferor Company Y</u>  |                           |                   |                   |                   |
| Loss items                   |                           | (60,000)          | (60,000)          | (60,000)          |
| Less: Loss items transferred |                           | 50,000            | 0                 | 60,000            |
| Amount to be carried forward |                           | (10,000)          | (60,000)          | 0                 |

|                                   |                 |                  |                 |
|-----------------------------------|-----------------|------------------|-----------------|
| <u>Claimant Company</u>           |                 |                  |                 |
| Assessable income (before GR)     | 100,000         | 100,000          | 100,000         |
| Less: Loss items transferred from |                 |                  |                 |
| Company X                         | <u>(50,000)</u> | <u>(100,000)</u> | <u>(30,000)</u> |
|                                   | 50,000          | 0                | 70,000          |
| Loss items transferred from       |                 |                  |                 |
| Company Y                         | <u>(50,000)</u> |                  | <u>(60,000)</u> |
| Assessable income (after GR)      | <u>0</u>        |                  | <u>10,000</u>   |

#### 15. How to transfer/ claim loss items?

To apply for transfer of loss items, the transferor company must complete the Form GR-A and the claimant company must complete the Form GR-B together with their respective annual tax returns. The GR Forms are available on IRAS website at [www.iras.gov.sg](http://www.iras.gov.sg) (Quick links > Forms > Business & Employers > Corporate Tax forms). If the company fails to submit the Form GR-A/ GR-B and annual tax returns, it will not be eligible for group relief for that year of assessment.

#### 16. When must the Forms GR-A and GR-B be submitted?

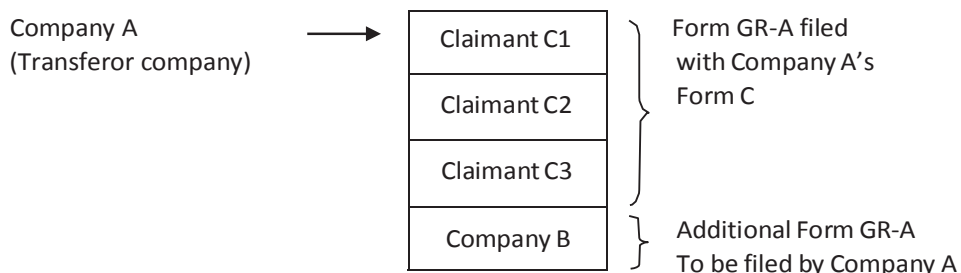
They must be submitted together with the relevant Income Tax Return.

#### 17. Can a new/additional GR form be submitted after filing of Form C?

No, unless the company receives a notice of assessment showing a change in its tax position from loss to profit or vice versa. If it wishes to claim group relief, a new/additional GR form will have to be submitted:

- **For notice of assessment dated before 1 Jan 2014** – within 30 days from the date of notice of assessment.
- **For notice of assessment dated on or after 1 Jan 2014** – within 2 months from the date of notice of assessment.

#### Example 9



Company A (transferor company) has adjusted loss. It has filed a Form GR-A specifying companies C1, C2 and C3 as its claimant companies in that order.

On 10.1.15, the adjusted loss of company B was revised to a profit by CIT. If company A wishes to transfer its loss items to company B, it has to file an additional Form GR-A, stating company B as its 4th claimant company within 2 months from 10.1.15.

Company B also has to file a new Form GR-B stating company A as its transferor company within 2 months from 10.1.15.

**18. I am a newly incorporated company whose first set of accounts is for a period exceeding 12 months. What is the quantum of losses I can transfer or claim under group relief?**

Where the first set of accounts is submitted for a period exceeding 12 months, the losses to be transferred or claimed under group relief should be ascertained after the losses or income of the newly incorporated company have been apportioned to its respective Years of Assessment (YAs).

For example, if the first set of accounts is for the period from 1 Jun 2015 to 31 Dec 2016, the losses should be apportioned to YA 2016 (i.e. 1 Jun 2015 to 31 Dec 2015) and YA 2017 (1 Jan 2016 to 31 Dec 2016). The new company has to submit the following documents by the filing due date of 30 Nov 2017:

- 1) YA 2017 income tax return;
- 2) Financial accounts for the period from 1 Jun 2015 to 31 Dec 2016;
- 3) Tax computations for YA 2016 and YA 2017; and
- 4) Form GR-A (for transferor)/ Form GR-B (for claimant) for YA 2016 and/ or YA 2017 (where applicable) – please refer to details below.

**If group relief is elected for only YA 2016 (1<sup>st</sup> YA upon incorporation)**

- Where the new company has losses to transfer (transferor):
  - For the transferor, only the losses apportioned to YA 2016 can be transferred. Please submit Form GR-A for YA 2016 together with documents 1-3 mentioned above.
  - The claimant would have to submit the following documents for YA 2016:
    - A Form GR-B; and
    - Revised tax computation to reflect the change in tax position arising from losses claimed from the transferor (i.e. the YA 2016 income tax return would have already been filed by the filing due date of 30 Nov 2016, hence a revised tax computation is required).

These have to be submitted at the same time in which the transferor submits its YA 2017 income tax return and election for group relief.

- Where the new company has losses to claim (claimant):
  - For the claimant, the amount of losses to be claimed should be restricted to the assessable income apportioned to YA 2016. Please submit Form GR-B for YA 2016 together with documents 1-3 mentioned above.
  - The transferor would have to submit the following documents for YA 2016:
    - A Form GR-A; and
    - Revised tax computation to reflect the change in tax position arising from losses transferred to the claimant (i.e. the YA 2016 income tax return would have already been filed by the filing due date of 30 Nov 2016, hence a revised tax computation is required).

These have to be submitted at the same time in which the claimant submits its YA 2017 income tax return and election for group relief.

**If group relief is elected for only YA 2017 (2<sup>nd</sup> YA upon incorporation)**

If the group relief is for YA 2017, only the losses apportioned to this period can be transferred (for transferor) or the amount of losses to be claimed should be restricted to the assessable income apportioned to this period (for claimant). Please submit the relevant Group Relief Form (i.e. Form GR-A for transferor; Form GR-B for claimant) for YA 2017 together with documents 1-3 mentioned above.

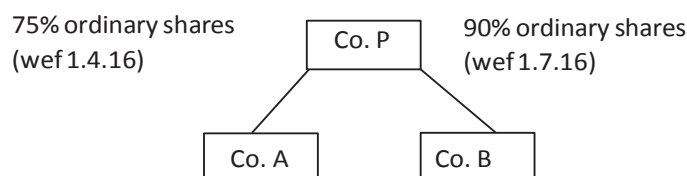
### **If group relief is elected for both YA 2016 and YA 2017**

- Where the new company has losses to transfer/ claim:
  - The new company has to submit 2 GR Forms (Form GR-A for the YA in which it is transferring losses and GR-B for the YA in which it is claiming losses) together with documents 1-3 mentioned above.
  - The claimant that is claiming losses from the new company/ transferor that is transferring losses to the new company would have to submit the following documents:
    - The relevant GR Form for YA 2016 and revised tax computation for YA 2016 to reflect the change in tax position arising from losses transferred to the new company (Form GR-A)/ losses claimed from the new company (Form GR-B) (i.e. the YA 2016 income tax return would have already been filed by the filing due date of 30 Nov 2016, hence a revised tax computation is required). These have to be submitted at the same time in which the new company submits its YA 2017 income tax return and election for group relief.
    - For YA 2017 – The relevant GR Form (to be submitted together with the YA 2017 income tax return).

### **How to Complete the Group Relief Forms**

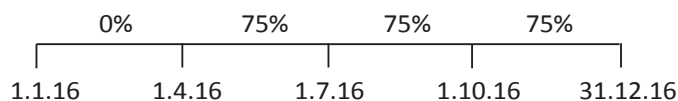
The following example illustrates how the Forms GR-A and GR-B should be completed: Co. P acquired two subsidiaries, Co. A and Co. B on 1.4.16 and 1.7.16 respectively. All three companies have the same accounting year end of 31 Dec.

#### **Group Structure**



#### **Continuous Periods**

Co. P's ordinary shareholding in Co. A



Co. P's ordinary shareholding in Co. B



The relevant continuous periods for YA 2017 are -

(i) between Co. P and Co. A: 1.4.16 to 31.12.16 (275 days)

(ii) between Co. P and Co. B: 1.7.16 to 31.12.16 (184 days)

(iii) between Co. A and Co. B: 1.7.16 to 31.12.16 (184 days)

[i.e. the shorter of the 2 periods - 1.4.16 to 31.12.16 (275 days) or 1.7.16 to 31.12.16 (184 days)]

### Tax Computations for YA 2017 of Group Companies

Co. A incurred losses for YA 2017, whereas Co. P and Co. B were in profit position. Co. A wishes to transfer its loss items to Co. P first, followed by Co. B.

Assessable Income of Claimant Companies (Co. P & Co. B)

|                     |        |
|---------------------|--------|
| Applicable tax rate | 17%    |
| Co. P               | 7,000  |
| Co. B               | 40,000 |

Loss items of Transferor Company (Co. A)

|  |       |       |       |               |
|--|-------|-------|-------|---------------|
| Applicable tax rate                                  | 5%    | 10%   | 17%   | Total         |
| Current year unabsorbed CA                           | 1,000 | 2,000 | 3,000 | 6,000         |
| Current year unabsorbed losses                       | 4,000 | 5,000 | 6,000 | 15,000        |
|  |       |       |       | <u>21,000</u> |
| Section 37B adjustment factor*                       | 5/17  | 10/17 | -     |               |
| Current year unabsorbed CA after S37B adjustment     | 294   | 1,176 | 3,000 | 4,470         |
| Current year unabsorbed losses after S37B adjustment | 1,176 | 2,941 | 6,000 | 10,117        |
|  |       |       |       | <u>14,587</u> |

\* As Co. A has loss items to which different tax rates apply, the loss items have to be subject to Section 37B adjustment before the amount of group relief available can be determined.

#### Co. P

The amount available for group relief between Co. P and Co. A is the lower of \$10,990 ( $275/365 \times \$14,587$ ) or \$5,274 ( $275/365 \times \$7,000$ ), i.e., \$5,274.

#### Tax Computation for Co. P

|  |              |
|--|--------------|
| Assessable Income                            | 7,000        |
| Less: Group Relief                           |              |
| CA (17%)                                     | 3,000        |
| CA (10%) [ $2,000 \times 10/17$ ]            | 1,176        |
| CA (5%) [ $1,000 \times 5/17$ ]              | 294          |
| LOSS (17%) [ $5,274 - 3,000 - 1,176 - 294$ ] | <u>804</u>   |
| Chargeable Income                            | <u>1,726</u> |

#### Co. B

The amount available for group relief between Co. A and Co. B is the lower of \$2,079 [ $\{184/365 \times \$14,587\} - \$5,274$  (this was claimed by Co. P)] or \$20,164 ( $184/365 \times \$40,000$ ), i.e., \$2,079.

#### Tax Computation for Co. B

|                    |               |
|--------------------|---------------|
| Assessable Income  | 40,000        |
| Less: Group Relief |               |
| Loss (17%)         | <u>2,079</u>  |
| Chargeable Income  | <u>37,921</u> |

Co. A

The excess amount of the loss items that cannot be transferred will be retained within Co. A under the respective tax rate categories for setoff in future YAs as shown below:

Tax Computation for Co. A

|                                    | <u>5%</u>      | <u>10%</u>     | <u>17%</u>     | <u>Total</u>   |
|------------------------------------|----------------|----------------|----------------|----------------|
| Current year unutilised CA         | 1,000          | 2,000          | 3,000          | 6,000          |
| Less: Amount transferred to Co. P  | <u>(1,000)</u> | <u>(2,000)</u> | <u>(3,000)</u> | <u>(6,000)</u> |
| Current year unutilised CA         | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       |
| Current year unutilised losses     | 4,000          | 5,000          | 6,000          | 15,000         |
| Less: Amount transferred to Co. P  | 0              | 0              | (804)          | (804)          |
| Amount transferred to Co. B        | <u>0</u>       | <u>0</u>       | <u>(2,079)</u> | <u>(2,079)</u> |
| Current year unutilised losses c/f | <u>4,000</u>   | <u>5,000</u>   | <u>3,117</u>   | <u>12,117</u>  |

Based on the above example, Co. A should submit a Form GR-A and Co. P and Co. B should each submit a Form GR-B to IRAS together with their respective Income Tax Returns for YA 2017. The completed GR forms are presented in the following pages.

**Form GR-A**  
**Group Relief Form for Transferor Company for Year of Assessment** 2017



**Important:**

- Group relief is available to Singapore incorporated companies belonging to the same group and which have the same financial year end.
- This Form must be submitted together with the Form C.
- Please read IRAS e-Tax Guide "Group Relief System" before completing this Form.
- Please refer to "Qualifying for Group Relief" on IRAS' website ([www.iras.gov.sg](http://www.iras.gov.sg)).
- Please use separate Forms if you have more than 5 claimant companies.

**Note:**

- This Form may take you 10 minutes to fill in.
- Please get ready the following information to fill in the Form:
  - Details of the transferor company (see Part 1)
  - Details of the claimant companies (see Part 3)

| Part 1 Details of transferor company      |                     |
|---|---------------------|
| Name:                                     | Company A Pte. Ltd. |
| Tax ref. no.                              | 199200000A          |
| Total loss items transferred <sup>1</sup> | \$ 8,883            |

| Part 2 Declaration  |  |
|---|--|
| <p>I declare that the ordinary shareholding levels of the relevant holding company are maintained at or above 75% during the continuous period<sup>2</sup> stated in Part 3 and all information given in this Form is true and complete.</p> <p>I understand that I need to retain my computation on the ordinary shareholding levels of the relevant holding company as the Comptroller of Income Tax may request for it.</p> <p>Please confirm by indicating with a tick in the following boxes:</p> <p><b>My company is</b></p> <p><input checked="" type="checkbox"/> <b>Not</b> a company that has not been carrying on any business (i.e. dormant) for the Year of Assessment.</p> <p><input checked="" type="checkbox"/> <b>Not</b> an investment holding company transferring current year unutilised losses which arose from excess of expenses over investment income.</p> <p><input checked="" type="checkbox"/> <b>Not</b> a company subject to the provisions of section 10E of the Income Tax Act, transferring current year unutilised losses or capital allowances (except for industrial building allowances or land intensification allowances).</p> <p>Group relief cannot be claimed if the company is one of the three mentioned types of company.</p> |  |
| Yvonne Tan<br><hr style="border: 0; border-top: 1px solid black;"/> Full name and signature of person completing the Form   | <div style="display: flex; justify-content: space-between;"> <div>             Director<br/> <hr style="border: 0; border-top: 1px solid black;"/>             Capacity of person completing the Form           </div> <div>             61234567<br/> <hr style="border: 0; border-top: 1px solid black;"/>             Contact no.           </div> <div>             30/06/2017<br/> <hr style="border: 0; border-top: 1px solid black;"/>             Date           </div> </div> |

| Part 3 Details of claimant companies in order of priority |   |                                     |          |  |
|---|---|-------------------------------------|----------|--|
| Order   | Details   | Loss items transferred <sup>3</sup> |          | Continuous period <sup>2</sup>                                     |
| 1   | Name: Company P Pte. Ltd.<br><br>Tax ref. no.: 199000000P | Unutilised CA (NTR)                 | \$ 3,000 | From: 01/04/2016<br>dd/mm/yyyy<br><br>To: 31/12/2016<br>dd/mm/yyyy |
|   |   | Unutilised CA (CTR)                 | \$ 3,000 |  |
|   |   | Unutilised loss (NTR)               | \$ 804   |  |
|   |   | Unutilised loss (CTR)               |          |  |
|   |   | Unutilised donation (NTR)           |          |  |
|   |   | Unutilised donation (CTR)           |          |  |

<sup>1</sup> Total refers to the aggregate quantum of the loss items transferred as listed under Part 3.

<sup>2</sup> Continuous period refers to the period ending on the last day of the basis period during which the ordinary shareholding levels of the relevant holding company is maintained at or above 75%.

<sup>3</sup> The quantum to be completed here is based on tax computation submitted with Form C before section 37B adjustment.

NTR = Normal corporate tax rate

CTR = Concessionary tax rate

**Under the Singapore Income Tax Act, there are penalties for making a false or incorrect declaration.**



**Form GR-A**  
**Group Relief Form for Transferor Company for Year of Assessment** 2017

Tax ref. no.: 199200000A

| <b>Part 3 Details of claimant companies in order of priority</b> |   |  |  |
|--|---|--|--|
| Order  | Details   | Loss items transferred <sup>3</sup>  | Continuous period <sup>2</sup>   |
| 2  | Name: <span style="border: 1px solid black; padding: 0 20px;">Company B Pte. Ltd.</span><br><br>Tax ref. no.: <span style="border: 1px solid black; padding: 0 20px;">199500000B</span> | Unutilised CA (NTR) <span style="border: 1px solid black; padding: 0 20px;">\$ 0</span><br>Unutilised CA (CTR) <span style="border: 1px solid black; padding: 0 20px;">\$ 0</span><br>Unutilised loss (NTR) <span style="border: 1px solid black; padding: 0 20px;">\$ 2,079</span><br>Unutilised loss (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span> | From: <span style="border: 1px solid black; padding: 0 20px;">01/07/2018</span><br>dd/mm/yyyy<br>To: <span style="border: 1px solid black; padding: 0 20px;">31/12/2018</span><br>dd/mm/yyyy |
| <span style="border: 1px solid black; padding: 0 10px;"></span>  | Name: <span style="border: 1px solid black; padding: 0 20px;"></span><br><br>Tax ref. no.: <span style="border: 1px solid black; padding: 0 20px;"></span>                              | Unutilised CA (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised CA (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised loss (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised loss (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span>                 | From: <span style="border: 1px solid black; padding: 0 20px;"></span><br>dd/mm/yyyy<br>To: <span style="border: 1px solid black; padding: 0 20px;"></span><br>dd/mm/yyyy                     |
| <span style="border: 1px solid black; padding: 0 10px;"></span>  | Name: <span style="border: 1px solid black; padding: 0 20px;"></span><br><br>Tax ref. no.: <span style="border: 1px solid black; padding: 0 20px;"></span>                              | Unutilised CA (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised CA (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised loss (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised loss (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span>                 | From: <span style="border: 1px solid black; padding: 0 20px;"></span><br>dd/mm/yyyy<br>To: <span style="border: 1px solid black; padding: 0 20px;"></span><br>dd/mm/yyyy                     |
| <span style="border: 1px solid black; padding: 0 10px;"></span>  | Name: <span style="border: 1px solid black; padding: 0 20px;"></span><br><br>Tax ref. no.: <span style="border: 1px solid black; padding: 0 20px;"></span>                              | Unutilised CA (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised CA (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised loss (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised loss (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (NTR) <span style="border: 1px solid black; padding: 0 20px;"></span><br>Unutilised donation (CTR) <span style="border: 1px solid black; padding: 0 20px;"></span>                 | From: <span style="border: 1px solid black; padding: 0 20px;"></span><br>dd/mm/yyyy<br>To: <span style="border: 1px solid black; padding: 0 20px;"></span><br>dd/mm/yyyy                     |

SPECIMEN

**Form GR-B**  
**Group Relief Form for Claimant Company for Year of Assessment** 2017



- Important:**
- Group relief is available to Singapore incorporated companies belonging to the same group and which have the same financial year end.
  - This Form must be submitted together with the Form C.
  - Please read IRAS e-Tax Guide "Group Relief System" before completing this Form.
  - Please refer to "Qualifying for Group Relief" on IRAS' website ([www.iras.gov.sg](http://www.iras.gov.sg)).
  - Please use separate Forms if you have more than 7 transferor companies.
- Note:**
- This Form may take you 10 minutes to fill in.
  - Please get ready the following information to fill in the Form:
    - Details of the claimant company (see Part 1)
    - Details of the transferor companies (see Part 3)

**Part 1 Details of claimant company**

Name: Company P Pte. Ltd.

Tax ref. no.: 199000000P

**Part 2 Declaration**

I declare that the ordinary shareholding levels of the relevant holding company are maintained at or above 75% during the continuous period<sup>1</sup> stated in Part 3 and all information given in this Form is true and complete.

I understand that I need to retain my computation on the ordinary shareholding levels of the relevant holding company as the Comptroller of Income Tax may request for it.

Jane Lim

Financial Controller

61120000

30/06/2017

Full name and signature of person completing the Form

Capacity of person completing the Form

Contact no.

Date

**Part 3 Details of transferor companies in order of priority**

| Order | Name                | Tax ref. no. | Continuous period <sup>1</sup> |                             |
|-------|---------------------|--------------|--------------------------------|-----------------------------|
| 1     | Company A Pte. Ltd. | 199200000A   | From 01/04/2016<br>dd/mm/yyyy  | To 31/12/2016<br>dd/mm/yyyy |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |

<sup>1</sup> Continuous period refers to the period ending on the last day of the basis period during which the ordinary shareholding levels of the relevant holding company is maintained at or above 75%.

Under the Singapore Income Tax Act, there are penalties for making a false or incorrect declaration.  
55 Newton Road, Revenue House, Singapore 307987

Telephone: 1800-356 8622 Facsimile: 6351 4360 [www.iras.gov.sg](http://www.iras.gov.sg)

**Form GR-B**  
**Group Relief Form for Claimant Company for Year of Assessment** 2017



**Important:**

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- Please refer to "Qualifying for Group Relief" on IRAS' website ([www.iras.gov.sg](http://www.iras.gov.sg)).
- Please use separate Forms if you have more than 7 transferor companies.

**Note:**

- This Form may take you 10 minutes to fill in.
- Please get ready the following information to fill in the Form:
  - Details of the claimant company (see Part 1)
  - Details of the transferor companies (see Part 3)

**Part 1 Details of claimant company**

Name: Company B Pte. Ltd.

Tax ref. no.: 199500000B

**Part 2 Declaration**

I declare that the ordinary shareholding levels of the relevant holding company are maintained at or above 75% during the continuous period<sup>1</sup> stated in Part 3 and all information given in this Form is true and complete.

I understand that I need to retain my computation on the ordinary shareholding levels of the relevant holding company as the Comptroller of Income Tax may request for it.

**Peter Wong**

**Financial Controller**

61230000

30/08/2017

Full name and signature of person completing the Form

Capacity of person completing the Form

Contact no.

Date

**Part 3 Details of transferor companies in order of priority**

| Order | Name                | Tax ref. no. | Continuous period <sup>1</sup> |                             |
|-------|---------------------|--------------|--------------------------------|-----------------------------|
| 1     | Company A Pte. Ltd. | 199200000A   | From 01/07/2016<br>dd/mm/yyyy  | To 31/12/2016<br>dd/mm/yyyy |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |
|       |                     |              | From                           | To                          |
|       |                     |              | dd/mm/yyyy                     | dd/mm/yyyy                  |

<sup>1</sup> Continuous period refers to the period ending on the last day of the basis period during which the ordinary shareholding levels of the relevant holding company is maintained at or above 75%.

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