

# INCOME TAX (RESTRICTION ON DEDUCTIBILITY OF INTEREST) (AMENDMENT) RULES 2022

PU (A) 27

31 January 2022

IN exercise of the powers conferred by paragraph 154(1)(ed) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

## CITATION AND COMMENCEMENT

**1(1)** These rules may be cited as the **Income Tax (Restriction on Deductibility of Interest) (Amendment) Rules 2022**.

**1(2)** These Rules come into operation on 1 February 2022.

## AMENDMENT OF RULE 5

**2** The Income Tax (Restriction on Deductibility of Interest) Rules 2019 [P.U. (A) 175/2019], which are referred to as the “principal Rules” in these Rules, are amended by substituting for subrule 5(2) the following subrule:

“(2) In this rule, “qualifying deduction” means—

- (a) where there is business expenditure incurred in the profit and loss account is allowed as deduction under the Act and the amount of the deduction allowed exceeds the amount of the business expenditure incurred, an amount equal to the difference between the amount of the deduction allowed and the amount of the business expenditure incurred in the profit and loss account; or
- (b) where there is no business expenditure incurred in the profit and loss account, the amount of deduction allowable under the Act.”.

## AMENDMENT OF RULE 6

**3** Rule 6 of the principal Rules is amended—

(a) by substituting for subrule (1) the following subrule:

“(1) Subject to subrule (2), where a person has interest expense which is in excess of the maximum amount of interest as ascertained under rule 4 for a basis period in a year of assessment, the amount of that excess shall be allowed to be carried forward and deducted in ascertaining the adjusted income of the person for the subsequent years of assessment subject to the maximum amount of interest ascertained under rule 4 for the relevant year notwithstanding that the person has no interest expense for any subsequent year of assessment, until the whole amount of that excess has been fully utilized.”; and

(b) in subrule (2), by substituting for the words “The excess” the words “In the case of a company, the excess”.