

Annex B – Illustration of carry-back of qualifying deductions and order of deduction where there is more than one trade

1. Mr Guan is a sole-proprietor of business X & Y, and a partner of partnership Z.
2. Mr Guan has unabsorbed CA and loss for YA 2018 and has claimed for carry-back relief, but not the unabsorbed full CA is carried back.
3. He wishes to claim wife and child relief.
4. The accounting year end of Mr Guan's sole proprietorship and partnership businesses is 31 Dec.

Tax Computations of Mr Guan for YAs 2017 and 2018

	YA 2018	
	\$	\$
<u>Trade</u>		
Sole-proprietorship business X - Adjusted profit before CA	0	
Less : Current CA	<u>(80,000)</u>	(80,000)
 Sole-proprietorship business Y - Adjusted profit before CA	50,000	
Less : Current CA	<u>(70,000)</u>	(20,000)
 Partnership business Z - Share of adjusted profit before CA	0	
Less : Share of current CA	<u>(60,000)</u>	(60,000)
		<u>(160,000)</u>
<u>Other Income</u>		
Employment		24,000
Rental		<u>12,000</u>
		(124,000)
Less: CA carried back to YA 2017 (Note 1)		<u>100,000</u>
Unabsorbed CA for YA 2018 c/f (Note 2)		<u><u>(24,000)</u></u>
 Sole-proprietorship business X - Current year adjusted loss		(60,000)
Partnership business Z - Share of current year adjusted loss		<u>(35,000)</u>
Unabsorbed loss for y/e 31.12.2017 c/f		<u><u>(95,000)</u></u>
 Chargeable Income		<u><u>NIL</u></u>
 Tax thereon		<u><u>NIL</u></u>

Annex B (continued)

		YA 2017	
		Original Assessment (before carry-back is allowed)	Revised Assessment (with carry-back allowed)
		\$	\$
<u>Trade</u>			
Sole-proprietorship X - Adjusted profit before CA	80,000	80,000	80,000
Less: Current CA	(35,000)	45,000	(35,000) 45,000
Sole-proprietorship Y - Adjusted profit before CA		95,000	95,000
Less: Unabsorbed CA for YA 2016 b/f	(20,000)	(20,000)	(20,000)
Current CA	(25,000)	50,000	(25,000) 50,000
Partnership Z - Share of adjusted profit before CA		0	0
Less: Share of current CA	(12,000)	(12,000)	(12,000) (12,000)
		83,000	83,000
Partnership Z - Share of adjusted loss		(6,000)	(6,000)
		77,000	77,000
<u>Other income</u>			
Employment		40,000	40,000
Rental		18,000	18,000
		135,000	135,000
Less: CA carried back from YA 2018			(100,000)
Assessable income		135,000	35,000
Less: <u>Personal reliefs</u>			
- Earned Income	1,000	1,000	1,000
- Spouse	2,000	2,000	2,000
- Child	4,000	4,000	4,000
- CPF	8,000	15,000	8,000 15,000
Chargeable income		120,000	20,000
Tax thereon		7,450.00	0.00
Less: Tax previously assessed			7,450.00
Tax repayable			(7,450.00)

Note:

1. Computation of amount of CA to be carried back from each trade on a proportionate basis:

Sole-proprietorship business X:	$100,000 \times \frac{80,000}{160,000} = 50,000$	} Total = \$100,000
Sole-proprietorship business Y:	$100,000 \times \frac{20,000}{160,000} = 12,500$	
Partnership business Z:	$100,000 \times \frac{60,000}{160,000} = 37,500$	

2. Computation of amount of CA to be carried forward from each trade on a proportionate basis:

Sole-proprietorship business X:	$24,000 \times \frac{80,000}{160,000} = 12,000$	} Total = \$24,000
Sole-proprietorship business Y:	$24,000 \times \frac{20,000}{160,000} = 3,000$	
Partnership business Z:	$24,000 \times \frac{60,000}{160,000} = 9,000$	