IN THE APPELLATE DIVISION OF
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2025] SGHC(A) 20

Appellate Division / Civil Appeal No 93 of 2024

Between

Changi Airport Group
(Singapore) Pte Ltd

… *Appellant*

And

Comptroller of Income Tax

… *Respondent*

In the matter of Tribunal Appeal No 4 of 2024

Between

Changi Airport Group
(Singapore) Pte Ltd

… *Appellant*

And

Comptroller of Income Tax

… *Respondent*

GROUNDS OF DECISION

Version No 1: 25 Sep 2025 (16:30 hrs)

[Revenue Law — Income taxation — Appeals — Whether expenditure eligible for capital allowance — Whether asset considered “plant” or structure]

TABLE OF CONTENTS

INTRODUCTION **1**

FACTS **2**

BACKGROUND 2

PROCEDURAL HISTORY 5

THE BOARD'S DECISION **6**

THE JUDGE'S DECISION **7**

THE APPELLANT'S CASE **7**

THE COMPTROLLER'S CASE **9**

ISSUES BEFORE THIS COURT **9**

RELEVANT LEGAL PRINCIPLES **10**

STANDARD OF REVIEW AND THE APPELLANT'S BURDEN 10

APPLICABLE LEGAL PRINCIPLES TO AN INQUIRY OF WHETHER AN ASSET IS "PLANT" 12

DIVISIBILITY ISSUE **16**

PLANT ISSUE **19**

THE ARGUMENT ON POLICY GROUNDS **22**

CONCLUSION **25**

Version No 1: 25 Sep 2025 (16:30 hrs)

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Changi Airport Group (Singapore) Pte Ltd
v
Comptroller of Income Tax

[2025] SGHC(A) 20

Appellate Division of the High Court — Civil Appeal No 93 of 2024
Woo Bih Li JAD, Debbie Ong Siew Ling JAD and See Kee Oon JAD
14, 16 July 2025

25 September 2025

See Kee Oon JAD (delivering the grounds of decision of the court):

Introduction

1 This appeal centred on the following question: can an airport operator claim capital allowances for expenditure incurred in respect of its runways, taxiways and aprons? At the heart of this question lies the enduring tension between what constitutes "plant" for the purposes of a trade, and what falls outside the statutory boundaries of allowable capital expenditure.

2 The appellant, Changi Airport Group (Singapore) Pte Ltd, asserted that the runways, taxiways and aprons located at Changi Airport (collectively, the "RTA"), which are essential to its business and purposefully designed to accommodate the complex demands of modern aviation, qualify as "plant" under s 19A of the Income Tax Act (Cap 134, 2008 Rev Ed) (the "ITA"). This would allow it to write down capital expenditure incurred on the RTA across

three years of assessment ("YAs") and amounting to over $272m over a period of two or three years. The respondent, the Comptroller of Income Tax (the "Comptroller"), in turn contended that the RTA are simply structures, and as such, are ineligible for the capital allowances claimed under s 19A of the ITA. The Comptroller regarded the expenditure on the RTA claimed by the appellant as eligible to be written down at a slower rate of 3% annually under the industrial building allowances ("IBA") scheme under s 16 read with s 18(1)(*b*) of the ITA.

3 At the conclusion of the hearing of the appeal, we dismissed the appeal. The Income Tax Board of Review (the "Board") and the Judge of the High Court who presided over the proceedings in the General Division below (the "Judge") found that the RTA were not "plant" but structures. We were of the view that, on applying the legal principles to the facts of this case, this was a reasonable conclusion.

4 We ordered the appellant to bear the Comptroller's costs of the appeal in the amount of $50,000, inclusive of disbursements. On 16 July 2025, we issued brief reasons for our decision to the parties, which we now supplement with the present grounds of decision.

Facts

Background

5 The appellant owns and operates the certified aerodrome in Changi Airport, which facilitates the arrival, departure and surface movement of aircraft operated by air transportation carriers.

Version No 1: 25 Sep 2025 (16:30 hrs)

6 The assets forming part of the aerodrome in Changi Airport relevant to this appeal are (a) the RTA; and (b) specialised systems and sub-systems equipment including the airfield lighting system, the instrument landing system, signs, the aircraft docking guidance system, ground movement detectors and radars, and the foreign object detection system (collectively, the "Aerodrome Equipment").

7 The RTA comprise the following:

(a) Runways: two runways, each 4km long and 60m wide;

(b) Taxiways: various taxiways, generally 30m wide and of a total length of around 40km; and

(c) Aprons: various aprons comprising around 190 aircraft parking lots, which provide the surface to accommodate aircraft for the purposes of loading or unloading passengers, fuelling, parking or maintenance.

8 We found it helpful to refer to the definitions of runways, taxiways and aprons in s 2 and Part I the Eleventh Schedule of the Air Navigation Order (Cap 6, O 2, 1990 Rev Ed) to better appreciate what the RTA are:

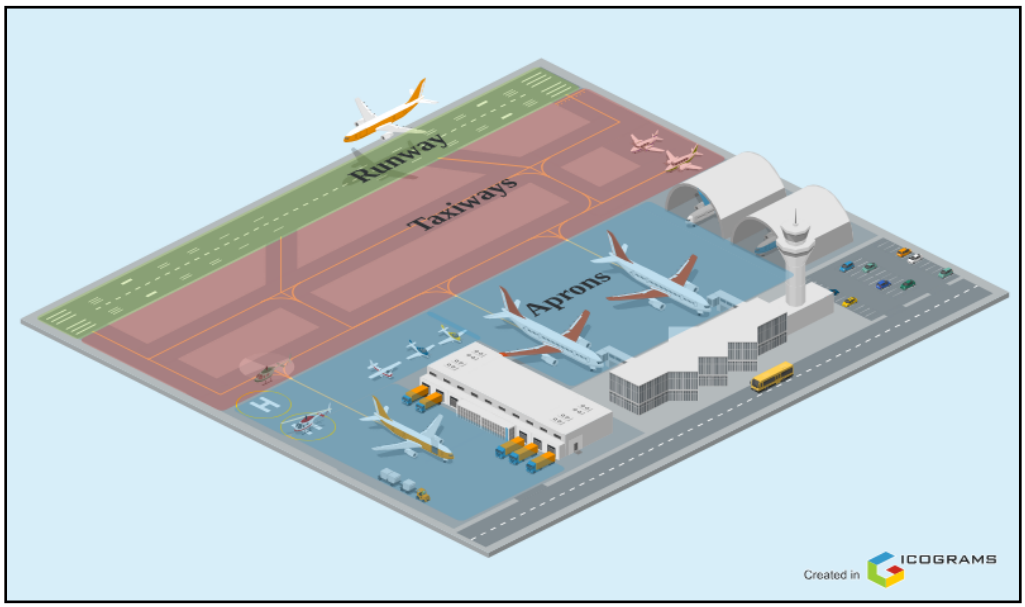
(a) Runway: a defined rectangular area on a land aerodrome prepared for the landing and take-off of aircraft.

(b) Taxiway: a defined path on a land aerodrome established for the taxiing of aircraft and intended to provide a link between one part of the aerodrome and another.

Version No 1: 25 Sep 2025 (16:30 hrs)

(c) Apron: a defined area, on a land aerodrome, intended to accommodate aircraft for purposes of loading or unloading passengers, mail or cargo, fuelling, parking or maintenance.

9 The diagram below is a pictorial representation of a runway, taxiways and aprons in a typical airport. We add that this was not adduced in evidence before us by the parties but we have merely included this as a helpful visualisation of what a typical layout of a runway, taxiways and aprons in an airport complex might look like. The diagram has been produced using the Icograms Designer (icograms.com).



10 The parties agreed that the RTA are "designed to facilitate and ensure the safe landing, taxi-ing, and take-off of aircraft at Terminals 1, 2, 3 and 4 of Changi Airport".

Version No 1: 25 Sep 2025 (16:30 hrs)

Procedural History

11 The dispute between the parties arose when the appellant claimed capital allowances under ss 19A(1) or 19A(1B) of the ITA for capital expenditure on the RTA amounting to $272,575,162 for YAs 2011, 2012 and 2013. The Comptroller denied these claims on the basis that the RTA are not "plant". The Comptroller regarded the RTA as structures for the purposes of a "transport undertaking" under s 16 read with s 18(1)(*b*) of the ITA, and therefore granted IBA on the said capital expenditure, save for an amount of $150,000 relating to a consulting fee incurred in YA 2012. Separately, the Comptroller allowed the appellant's capital allowance claims on the Aerodrome Equipment for the same three YAs amounting to over $141,643,030 under s 19A of the ITA.

12 Dissatisfied with this determination in relation to the RTA, the appellant sent a letter of objection to the Comptroller on 11 April 2016 to contest the Comptroller's denial of the appellant's capital allowance claims under s 19A of the ITA. The appellant eventually lodged Notices of Appeal and Petitions of Appeal in respect of the three YAs in 2016.

13 The matter then went before the Board in the ITBR Appeal Nos 21 to 23 of 2016 (the "ITBR Proceedings"). For completeness, the ITBR Proceedings also concerned the appellant's separate objection to certain security installations not being recognised as "plant". As these assets were not the subject of this appeal, we say no more on them.

14 The Board rendered its decision on 7 June 2024 (the "Board's Decision") and concluded that the RTA are not "plant" which qualify for capital allowances under s 19A of the ITA.

Version No 1: 25 Sep 2025 (16:30 hrs)

15 The appellant then lodged an appeal against the Board's Decision in respect of the RTA on 20 June 2024 by filing HC/TA 4/2024. That appeal was dismissed by the Judge on 1 November 2024: see *Changi Airport Group (Singapore) Pte Ltd v Comptroller of Income Tax* [2025] 4 SLR 862 (the "Judgment"). The appellant thereafter lodged the present appeal on 28 November 2024.

16 On 21 February 2025, the appellant filed an application in AD/SUM 7/2025 for this appeal to be stayed pending the completion of the proceedings in respect of the appellant's capital allowance claims on expenditure incurred on the RTA for YAs 2014 to 2019, *ie*, other YAs *after* the three YAs which the present dispute relates to. The appellant's position was essentially that all the disputes for the other YAs are similar in nature and therefore any appeals arising therefrom should be heard together with the present appeal. We dismissed this application on 15 April 2025, finding that it would not be appropriate to order a stay of the appeal on case management grounds. The proceedings concerning the other YAs had not even commenced yet and were still subject to various procedural steps being undertaken. On this basis, it was artificial to even suggest that those proceedings were imminent. In any event, the issues that arose for determination in the present appeal did not depend on the resolution of the issues that would arise in those other proceedings. We also considered that a stay of the appeal would not save resources and would instead result in further delay and prejudice to the Comptroller, contrary to the submissions of the appellant.

The Board's Decision

17 In the ITBR Proceedings, the Board dismissed the appeal in respect of the RTA, and found them to be structures rather than "plant" on an application

Version No 1: 25 Sep 2025 (16:30 hrs)

of the factors set out in *ZF v Comptroller of Income Tax* [2011] 1 SLR 1044 ("*ZF*"). The Board considered the following factors: (a) the physical nature and characteristics of the RTA; (b) the fact that the RTA are made of very durable materials; and (c) the fact that a runway would not be relocated very frequently, even though it may be resurfaced or expanded. While the Board accepted that the RTA are closely integrated and interconnected with various other specialised systems to perform key functions critical for the appellant's business operations, the RTA's specific function of providing the take-off, landing, travelling and resting surface for the aircraft is not dependent on the other systems. The fact that other systems working together with the RTA could enhance the functioning of the space and raise the effectiveness and efficiency of moving aircraft around the aerodrome does not convert the RTA into "plant". The Board therefore found the RTA merely to be "structures" on which the appellant's business is carried on.

The Judge's Decision

18 The Judge affirmed the finding of the Board and similarly dismissed the appeal. The Judge held that the RTA and the Aerodrome Equipment are *not* considered a single asset and are divisible for income tax purposes. Accordingly, focussing on the RTA alone, the RTA are structures which allowed aircraft to traverse and rest, and thus are the premises on which the appellant's trade occurs as opposed to an apparatus used for the trade. On this basis, the RTA are more akin to structures than "plant".

The Appellant's Case

19 The appellant advanced three principal submissions on appeal. First, it contended that the Judge failed to identify and apply the correct legal test to address the anterior inquiry of whether an interconnected asset should be treated

Version No 1: 25 Sep 2025 (16:30 hrs)

as divisible or as a single indivisible asset, for the purposes of identifying what was the relevant asset that fell to be determined as "plant" or otherwise. Had the Judge identified and applied the correct legal test, the Judge would not have concluded that the RTA and the Aerodrome Equipment are severable. Instead, he would have regarded them as an *indivisible* asset. The appellant referred to this as the "Divisibility Issue".

20 Second, having erred in the "Divisibility Issue", the Judge failed to apply the test for determining whether an asset is "plant" – as defined in *ZF* – to the correct subject matter, namely the indivisible asset of the "Integrated RTA" (being the RTA and the Aerodrome Equipment collectively). Had the Judge correctly applied the test in *ZF* to the Integrated RTA in the context of the appellant's business, he would have concluded that the combined operational role played by the RTA and the Aerodrome Equipment qualifies the Integrated RTA as "plant", being the most vital tool of the appellant's business. The appellant referred to this as the "Plant Issue".

21 Third, even if the asset under consideration was *not* the Integrated RTA and was simply the RTA, the Judge was in any event also wrong to find that the RTA alone was more of a "structure" than a "plant". If the Judge had applied the "more appropriate" test in *ZF* to the RTA alone, he would have concluded that the operational role of the RTA alone is sufficient to characterise it as "plant" notwithstanding that they possess features normally associated with structures or premises.

22 Additionally, the appellant sought relief based on policy grounds, arguing that Parliament would not have intended a change in the legislative tax scheme, namely the replacement of the IBA scheme with the narrower land intensification allowance ("LIA") scheme (see [60] below), to have an impact

Version No 1: 25 Sep 2025 (16:30 hrs)

on the appellant's business amounting to a significant and enduring competitive disadvantage. Since the costs of the RTA would qualify for relief under the IBA scheme but not the LIA scheme, the change in tax policy meant that those costs would not be accounted for in the appellant's taxable profit, causing it to be "overstated".

The Comptroller's Case

23 The Comptroller defended the decisions of the Board and the Judge. It contended that the Board's decision to regard the RTA as structures and not "plant" is not such that no reasonable tribunal could have reached the same finding. The Board had arrived at its finding after adopting a balanced approach of examining the various factors in *ZF*. In addition, the appellant's approach to the inquiry, specifically its attempt to introduce a test of divisibility or integration based on the notions of "common purpose" and "commercial reality", would extend the meaning of "plant" to the point of defeating Parliament's intention to grant tax reliefs only for specific capital assets. This would undermine the deliberate tax policy shift of the legislature from the IBA scheme to the more targeted LIA scheme which promoted land-efficient use of industrial land (see [60] below). Ultimately, the Comptroller took the position that the RTA should be evaluated on their own and not together with the Aerodrome Equipment. On the application of the principles in *ZF*, the RTA would be more appropriately described as structures and not as "plant".

Issues before this court

24 The central contention in this appeal related to whether the RTA should be classified as "plant" or as structures for the purposes of the appellant's claim for capital allowances under the ITA. Aside from the appellant's ancillary

Version No 1: 25 Sep 2025 (16:30 hrs)

argument on policy grounds, we considered that the two main issues which arose for determination in the appeal were as follows:

(a) Divisibility Issue: Whether the RTA should be assessed in isolation or whether they should be considered together with the Aerodrome Equipment such that both groups of assets formed a single, integrated unit (which the appellant referred to as the "Integrated RTA") for the purposes of the inquiry to follow; and

(b) Plant Issue: Whether the RTA (or the Integrated RTA) are or are not "plant".

Relevant legal principles

25 Before addressing the abovementioned issues, we set out (a) the relevant principles applicable to a tax appeal, particularly on the standard of review and the appellant's burden; and (b) the applicable legal principles in an assessment of whether an asset is "plant" or otherwise.

Standard of review and the appellant's burden

26 Appeals to the Appellate Division are generally to be "by way of rehearing": see s 41(1) of the Supreme Court of Judicature Act 1969 (2020 Rev Ed). Nevertheless, in *Comptroller of Income Tax v AQQ and another appeal* [2014] 2 SLR 847 ("*AQQ*"), where the same standard of review applied, the Court of Appeal rejected the argument that the role of the courts in an appeal from the Board was to conduct a fresh and wholly unconstrained review of the merits of the Comptroller's decision. The apex court instead recognised that "a more limited degree of review" was inherent in the appellate review process in such a context: the court extends deference to the Board where findings of fact are concerned, notwithstanding the availability of an appeal, by asking

Version No 1: 25 Sep 2025 (16:30 hrs)

whether "no reasonable body of members constituting an Income Tax Review Board could have reached the findings reached by the Board": *AQQ* at [115], [121] and [123], citing *Mount Elizabeth (Pte) Ltd v Comptroller of Income Tax* [1985-1986] SLR(R) 950 at [17] and *JD Ltd v Comptroller of Income Tax* [2006] 1 SLR(R) 484 ("*JD Ltd*").

27 Specifically, in the context of tax cases of the type in this appeal, the question of whether a relevant asset is "plant" is "one of fact and degree", and "the answer given by the Board should be treated as decisive unless it was an unreasonable conclusion on the facts": see *ZF* at [72]. In cases falling on the borderline, "where it is reasonable to conclude that an asset can be either "plant" or a building, an appellate court should not interfere with the decision rendered at first instance": *ZF* at [67], citing Lord Radcliffe in *Edwards (Inspector of Taxes) v Bairstow and another* [1956] AC 14 at 38. While the appellant argued that the standard of review in *AQQ* was irrelevant for the present purposes since *AQQ* was not an appeal on the law but against the Comptroller's exercise of discretion, the remarks in *ZF* certainly put it beyond doubt that a degree of deference is accorded to the Board's decision.

28 As the Judge expressly recognised, this approach can be explained by the fact that the Board is the primary trier of fact. It has the benefit of hearing witness testimony and visiting the relevant sites, and is a specialist tribunal constituted by the legislature with the subject-matter expertise to adjudicate upon these disputes: Judgment at [33]; see also *THM International Import & Export Pte Ltd v Comptroller of Goods and Services Tax* [2024] SGHC 97 at [17]–[19] and *Singapore Cement Manufacturing Co (Pte) Ltd v Comptroller of Income Tax* [2023] 5 SLR 1099 at [10]. Indeed, in the present case, the Board had the benefit of the evidence from the expert witnesses (engineers) called by the parties, as well as the appellant's witness of fact, Mr Koh Ming Sue,

Version No 1: 25 Sep 2025 (16:30 hrs)

Managing Director of the appellant's Engineering & Development Cluster. Similarly, in its written decision, the Board acknowledged "the assistance of the various witnesses from both parties, who brought their experience and expertise to help us understand the technicalities of the business, and the construction that is the subject of this claim": Board's Decision at [6].

29 The appellant must thus show that the Board reached an "unreasonable conclusion on the facts" that the RTA are not "plant". It is important to recognise that the focus is not on the *Judge's* decision, but on that of the *Board*. As Lloyd LJ in *Wimpy International Ltd v Warland (Inspector of Taxes)* [1989] STC 273 at 285 remarked:

> Most of the taxpayer companies' arguments before us (and three out of four of their grounds of appeal) were taken up, not with the decision of the commissioners, but with the decision of the judge. I find this curious. It tackles the problem from the wrong end. *It serves no useful purpose for the taxpayer companies to show that the judge's reasoning in upholding the commissioners was erroneous, if the commissioners' decision is itself correct, or at least not open to attack. Logically, therefore, one should start with the decision of the commissioners*, which is what I propose to do.
>
> [emphasis added]

Applicable legal principles to an inquiry of whether an asset is "plant"

30 It was undisputed that the primary authority on determining whether an asset is a "plant" or a "building or structure" is *ZF*. It is clear from this decision that "plant" and "buildings and structures" are mutually exclusive categories; an asset may be considered "plant" in some respects and a building in others but, ultimately, it can only be depreciated purely as "plant" or purely as a "building or structure" for the purposes of income tax. Since the two categories are mutually exclusive, where an asset possesses the features of both, the

Version No 1: 25 Sep 2025 (16:30 hrs)

question is whether the asset can be more appropriately described as "plant" or as a "building or structure": *ZF* at [18], [21], [45] and [51].

31 As to what "plant" constitutes, the starting point is the following statement of principle by Lindley LJ in *Yarmouth v France* (1887) 19 QBD 647 at 658, which has consistently been adopted in subsequent income tax cases in Singapore: *ZF* at [22]:

> There is no definition of plant in the Act: but, in its ordinary sense, it includes whatever *apparatus* is used by a business man *for carrying on his business*, not his stock-in-trade which he buys or makes for sale; but all the goods and chattels, fixed or moveable, live or dead, which he keeps *for permanent employment* in his business.
>
> [emphasis added]

32 As clarified by the Court of Appeal in *ZF* at [23], "any tangible asset (other than a building or structure, or an asset forming part of a building or structure) used permanently for the purposes of a taxpayer's trade, profession or business can be considered 'apparatus' and would thus qualify as 'plant'".

33 Conversely, a building "consists of a permanent structure or part of a permanent structure that houses the trade or business" and is often described as "the place in which a trade or business is carried on": *ZF* at [70(c)]. The concept of a building or structure should not be confused with the idea of "setting" or "premises"; these terms are not necessarily interchangeable. Assets which provide the setting or premises for a business may not *ipso facto* be of a sufficiently permanent nature to qualify it as buildings or structures: *ZF* at [44].

34 In determining whether an asset is a "plant" or a building, there is "just one basic and overarching test – whether the item concerned is utilised for the

Version No 1: 25 Sep 2025 (16:30 hrs)

purposes of the trade or business as 'plant' or as a building": *ZF* at [30]. The following factors are pertinent in this inquiry: *ZF* at [70(c)]:

(a) the exact operational role which the asset plays in the taxpayer's business;

(b) the physical nature and characteristics of the asset;

(c) the intended permanence (or temporariness) of the asset; and

(d) the asset's connection to buildings.

35 We applied the above factors with necessary variations in the present inquiry which called for a differentiation between the concepts of "plant" and "*structure*".

36 Notably, in an inquiry seeking to determine if the relevant asset is a "plant", the Court of Appeal in *ZF* rejected the approach as set out in *Inland Revenue Commissioners v Barclay, Curle & Co Ltd* [1969] 1 WLR 675 ("*Barclay Curle*"). Under that approach, any asset which is *prima facie* a building or structure can be fully depreciated as "plant" if it can be shown that the assets performed some independent business purpose besides simply acting as the setting or premises of the business: *ZF* at [45].

37 In the final analysis, much will depend on the precise factual matrix and context concerned: *ZF* at [70(d)]. While references may be made to other cases to draw analogies and parallels, the court must be sensitive to the specific facts and circumstances of each case. This is the golden thread running through the four factors set out in *ZF* above.

38 We pause to comment on the reliance on cases from foreign jurisdictions, an issue that was hotly contested by the parties. On the one hand,

Version No 1: 25 Sep 2025 (16:30 hrs)

the appellant contended that the Judge had downplayed the relevance of foreign cases despite extensive reference to foreign case law in other tax cases in Singapore, including *ZF*. Instead, the appellant advocated strongly for the consideration of decisions from jurisdictions such as the UK, Malaysia, New Zealand and South Africa. On the other hand, the Comptroller submitted that the Judge was right in treating foreign cases with caution given the unique legislative scheme of capital expenditure relief in Singapore.

39 Different jurisdictions operate different tax systems and legal frameworks, and similarly, policy considerations can vary between jurisdictions. What the courts may characterise as "plant" in one jurisdiction might not be similarly characterised in another. It should be borne in mind that the mutual exclusivity rule differentiating between "plant" and "building or structure" within our statutory framework is unique. Significantly, this remains so despite the presence of "tiebreaker" provisions in other jurisdictions that disallow concurrent capital allowance claims on the basis of the asset being both "plant" and "building or structure".

40 In this regard, the Court of Appeal has previously acknowledged that while it was "understandable for tax practitioners to exhibit a proclivity towards relying on texts and case law from the Commonwealth jurisdictions" and while there was "a tendency to refer to English tax cases", decisions from foreign jurisdictions should be treated with the appropriate degree of caution, especially where the wording of the foreign tax legislation is not identical with or not in materially the same terms as the local equivalent: *JD Ltd* at [31]–[33], citing Lord Atkin in the Privy Council decision of *Liquidator, Rhodesia Metals, Limited (in liquidation) v Commissioner of Taxes* [1940] AC 774 at 788.

Version No 1: 25 Sep 2025 (16:30 hrs)

41 This should not be misunderstood as a call to disregard foreign cases entirely. Rather, as the Judge correctly recognised, these cases "provide nuances and principles which may assist the court in assessing whether an asset has qualities of 'plant'": Judgment at [26]. Ultimately, in the present context, these cases may be considered bearing in mind the distinctive objective under Singapore law, that is, to determine whether the asset is more appropriately described as a "plant" or a "building or structure". It is for this specific reason that the foreign authorities on the question of whether an asset is a "plant" must be treated with caution. To explain, the authorities from the UK or Australasia may be, at best, instructive on the *qualities* of an asset that is a "plant", and separately, the *qualities* of an asset that is a "building or structure". The inquiry in Singapore, however, calls for more: it requires *differentiating* a "plant" from a "building or structure".

42 Furthermore, the reliance on some foreign cases but not others should not be bluntly criticised as "cherry-picking", "undesirable" or threatening "to distort the true position of local jurisprudence", as the appellant has put it. The *specific* purpose of relying on a foreign case must not be lost. For example, in the present context, foreign cases that have conclusively held what *is not* a "plant" can be persuasive despite different legislative frameworks.

43 With these principles in mind, we turn to address the two issues on appeal.

Divisibility Issue

44 In our judgment, the RTA and the Aerodrome Equipment should be evaluated separately and not as a single integrated asset. This was essentially because the RTA can function independently (even if not optimally) without the

Version No 1: 25 Sep 2025 (16:30 hrs)

Aerodrome Equipment. The two groups of assets serve distinct purposes in that the RTA provide the physical surface for aircraft movement while the Aerodrome Equipment handle aircraft navigation and safety. They are not sufficiently physically or functionally integrated such that they ought to be considered as an integrated asset.

45 The appellant relied on the argument that the RTA and the Aerodrome Equipment should be treated as one integrated asset because they both work together, are essential to the appellant's business, generate revenue together and are subject to the same regulations. Its principal argument was that, relying on the approach in *Barclay Curle*, the RTA and the Aerodrome Equipment are always intended to function together in the operation of the licenced aerodrome at Changi Airport. The fact that the aerodrome is licensed distinguishes Changi Airport from other unlicenced or unregulated airstrips. We did not agree, however, that these factors made the RTA and the Aerodrome Equipment one indivisible unit. The approach adopted by the House of Lords in *Barclay Curle* did not in any event prescribe a general or inflexible rule that different assets or components that serve a common function when taken together must be integrated into a single whole as "plant". In that case, an entire dry dock with all its component assets was taken as a whole, constituting a single unit of "plant". On its facts and in that context, an "integrated" approach might well have been justified. However, as we have explained above at [37], the inquiry should remain fact-specific. Where appropriate, each component should be evaluated based on its primary function. Having a common purpose (or common function) alone does not necessarily make these different components indivisible. For example, the terminal buildings of the airport – which may be said to fulfil the common function of facilitating air travel like the Aerodrome Equipment – are certainly not "plant".

Version No 1: 25 Sep 2025 (16:30 hrs)

46 The appellant raised two other cases in support of its argument: *Gunfleet Sands Ltd and other companies v Revenue and Customs Commissioners* [2024] STC 177 ("*Gunfleet*") and *Commissioner of Inland Revenue v Waitaki International Ltd* [1990] 3 NZLR 27 ("*Waitaki*"). We did not regard these cases to stand for the proposition advanced by the appellant above since neither of these cases, similar to *Barclay Curle*, prescribe a general rule that different assets or components serving a common function must, in every case, be regarded as a single, interconnected asset.

47 *Gunfleet*, in particular, did not assist the appellant for two further reasons. First, as the Comptroller had pointed out, the relevant assets in that case – wind turbines and their connecting array cables in windfarms – were indisputably accepted as "plant" and the controversy was whether each set of wind turbines was a single or multiple items of "plant". Second, the court in *Gunfleet* at [53] recognised that the outcome of the "common purpose" test depended on the level of abstraction at which the common purpose was identified. In other words, casting the common purpose (or common function) at a high level of generality may potentially result in virtually any and all assets in the taxpayer's business being characterised as a single item. This exposes the deficiency in the appellant's proposed test centred on the assets' common function.

48 At the hearing, reference was also made to the capital cost schedules submitted by the appellant as part of its tax computation as well as the appellant's financial statements, both of which identified the RTA separately from the Aerodrome Equipment. We did not give much weight to this given that those documents were simply arithmetic presentations that should not influence the *legal* question of whether the two assets are a single, indivisible unit for the purposes of the inquiry.

Version No 1: 25 Sep 2025 (16:30 hrs)

49 We turn next to address whether the RTA alone (and not the Integrated RTA) are or are not "plant".

Plant Issue

50 The determination of the Plant Issue rested on the four *ZF* factors (see [34] above), of which only the first three required examination in this appeal. The appellant submitted that the operational role that the asset plays in the business is the most important consideration. Looking first at the RTA's operational role, the RTA primarily function as surfaces for aircraft movement. The Court of Appeal in *ZF* (at [50] and [58]) referred to *Carr (Inspector of Taxes) v Sayer* [1992] STC 396 ("*Carr*") at 402, which lays down the following important principles in this regard: "plant" suggests equipment or apparatus; equipment does not stop being "plant" just because it has additional functions; and premises where business is conducted normally are not "plant". Even if a building is purpose-built and essential to the business, this does not automatically make it a "plant". Being revenue-generating is not a decisive factor as there can be many structures which generate revenue.

51 As to the physical characteristics of the RTA, we found it helpful to refer to analogous cases involving surface structures, including car wash sites, racetracks, golf putting greens and roads. In these cases, surface structures were generally classified as premises or structures rather than "plant", even when purpose-built for the business in question. In our judgment, a similar approach should be adopted in the case of the RTA.

52 In *Attwood (Inspector of Taxes) v Anduff Car Wash Ltd* [1997] STC 1167, the court held that a car wash site was not a single unit of plant. Rather, the site functioned as premises rather than plant. Being purpose-

Version No 1: 25 Sep 2025 (16:30 hrs)

built for a car wash facility did not change the fundamental nature of its function as premises. The first instance decision in *Attwood (Inspector of Taxes) v Anduff Car Wash Ltd* [1996] STC 110 (at 125e) also offered a relevant comparison to airports with runways and taxiways being purpose-designed but not qualifying as a "single unit of plant". The appellant argued that these *obiter* remarks should only be read to mean that the court had rejected the notion that an *entire* airport, including the terminal buildings and other assets, should be treated as a "single unit of plant". As such, those remarks were inapplicable in the present context which only concerns the RTA and the Aerodrome Equipment as specific assets. In our view, even if we had adopted such a reading, the remarks suggested that the fact that these assets can be said to ordinarily function together does not transform them into a single unit of plant. As indicated at [45] above, the RTA should be evaluated separately because the RTA can function independently of and serve distinct purposes from the other assets (that is, the Aerodrome Equipment), and a common purpose alone does not create integration.

53 Further parallels may be drawn with other cases involving surface structures, such as *Shove (Inspector of Taxes) v Lingfield Park 1991 Ltd* [2004] STC 805, where an artificial racetrack used for horseracing was not considered to be "plant" despite being a synthetic, removable racetrack that was essential to the operator's business. The racetrack still functioned as premises for the trade rather than "plant". In *Family Golf Centres Ltd v Thorne (Inspector of Taxes)* [1998] STC (SCD) 106, golf putting greens were held not to be "plant" though they were part of the place where business was conducted. Being essential to the business did not change their classification.

54 Importantly, in *Inland Revenue Commissioners v Smyth* [1914] 3 KB 406, it was held that roads are clearly "structures". The fact that this case was decided over a century ago does not detract from its continuing

Version No 1: 25 Sep 2025 (16:30 hrs)

relevance. The holding remains cogent and persuasive regardless of the materials used or manner of road construction. The appellant attempted to distinguish the RTA from ordinary roads, arguing that the RTA were specially designed to accommodate aircraft movement. Nevertheless, it remains the case that the RTA's primary function is to serve as the surfaces for aircraft movement just like roads serve as the surfaces for vehicle movement. We therefore rejected the appellant's contention that the analogy to roads was a false one.

55 Further, the asset's size, shape, durability, and the materials used to construct it are relevant. The more an asset resembles a conventional building or structure, the less likely it is to be "plant": see *ZF* at [59]. Here, the RTA cover far more area than the airport terminal buildings. In the South African case of *Blue Circle Cement Ltd v Commissioner for Inland Revenue* (1984) (2) SA 764 (A) as well as *Carr*, it was suggested that the large size of an asset alone does not preclude it from being classified as "plant". Notwithstanding this, the physical characteristics of the RTA are clearly more similar to other pavement structures like roads.

56 In addition, the RTA are made of very durable materials. This is relevant to the question of permanence. The RTA were designed for permanence, having been in use for over 40 years since the 1980s, and are clearly not intended to be for temporary use only. There are no known plans for the airport and aerodrome to be relocated (whether frequently or even at all, at least for the foreseeable future). Even if the airport is eventually relocated at some point, it is doubtful that the RTA would be transported to the new location. Further, the RTA can be contrasted to the synthetic football pitches in *Inland Revenue Commissioners v Anchor International Ltd* [2005] STC 411. There, the court regarded, in *obiter*, the pitches not to be "fixed structure[s]" since there was a limited degree of construction and the synthetic grass carpets laying on the pitches were

Version No 1: 25 Sep 2025 (16:30 hrs)

expected to be replaced after a period of five to nine years. The facts in the present case, particularly the characteristics of the RTA, are wholly dissimilar despite both cases involving surface-type assets.

57 The final factor set out in *ZF* relates to whether the RTA form part of the main airport building(s) proper or are inextricably connected as such. Both parties accepted that the RTA are not so connected. Thus, this factor did not arise for our consideration.

58 In our judgment, the Board and the Judge correctly concluded that the *ZF* factors weighed in favour of the RTA being classified as "structures" rather than "plant". This is also consistent with the legislative intent, which preserves a clear and mutually exclusive distinction between plant and machinery on the one hand (ss 19 and 19A of the ITA) and buildings and structures on the other (ss 16, 17, 18, 18B and 18C of the ITA). The *ZF* factors do not support the more expansive interpretation of "plant" that the appellant sought to persuade us to apply.

The argument on policy grounds

59 Apart from the *ZF* factors, the appellant argued that the classification of the RTA as structures puts it at a "significant and permanent competitive disadvantage". Without the capital allowance relief, the taxable income of operating the airport undertaking would be overstated since the true costs of the RTA would not be taken into account when computing the taxable profit of the appellant's business. According to the appellant, other countries provide tax relief for similar assets and Parliament could not have intended to disadvantage the appellant as the national airport operator. It regarded itself as an "unintended victim of a general legislative reform agenda". On this basis, it suggested that

Version No 1: 25 Sep 2025 (16:30 hrs)

there were policy grounds to support its appeal and Parliament "must have envisaged that any direct impact from the abolition of the [IBA scheme] could be addressed by the courts".

60 To fully appreciate the appellant's argument, it is necessary to turn to the legislative scheme of capital allowances. The ITA provides for various allowances, including allowances for capital expenditure on "machinery or *plant*" under ss 19 and 19A of the ITA, which the appellant seeks to benefit from. Separately, allowances for capital expenditure on "industrial buildings and *structures*" were previously granted under s 16 of the ITA, *ie*, the IBA scheme. The IBA scheme was phased out in 2010: see s 16(15) of the ITA which disapplies s 16 in respect of any capital expenditure incurred on or after 23 February 2010. It was replaced with the LIA scheme, provided for under s 18C of the ITA. The change in policy was explained during the 2010 Annual Budget Statement: the Economic Strategies Committee had recommended promoting the intensification of industrial land use towards "more land-efficient and higher-valued added activities" and this called for a more targeted scheme: see Singapore Parl Debates; Vol 86, Sitting No 16; Cols 2241–2242; [22 February 2010] (Tharman Shanmugaratnam, Minister for Finance). The LIA scheme was expanded in 2014 to include capital expenditure on the construction or renovation of a building or structure on airport land: see s 18C(1A) of the Income Tax Act 1947 (2020 Rev Ed). However, the Government prescribed only the "[m]anufacture of air and spacecraft and related machinery" as the trade of business in the aerospace sector that could qualify for the LIA: see Reg 2(1) read with the First Schedule of the Income Tax (Land Intensification Allowance) Regulations 2012. In short, the LIA scheme was not designed to include capital expenditure for the provision of airport services and facilities.

Version No 1: 25 Sep 2025 (16:30 hrs)

61 Returning to the appellant's submission, it was our view that while affirming the Judge's decision may entail a competitive disadvantage for the appellant *vis-à-vis* airports in other countries, this cannot in and of itself be the basis for adopting the interpretation or classification that the appellant sought. Tax laws should be interpreted objectively and not based on any claimed policy preferences. The statutory amendments in February 2010 replaced the IBA scheme with the LIA scheme such that the new scheme does not cover capital expenditure for airport facilities like the RTA. The amendments were the result of deliberate policy choices made by Parliament. Accordingly, any changes to the tax regime in this regard should be initiated by Parliament itself.

62 In any event, it would not be logical to accept the appellant's argument that Parliament had "envisaged" that the courts could step in to address any economic impact occasioned by the abolition of the IBA scheme. This ironically suggests that Parliament had intended for its legislative changes, which are part of its national economic policy, to be qualified by the courts.

63 Further, as the Comptroller pointed out, taking an overly generous interpretation of "plant" in order for the RTA to qualify as "plant" will undermine the general prohibition against the deduction of expenses of a capital nature in the taxation of income. An expansive reading of "plant" would run counter to the legislative purpose of the system of capital allowances, which is meant to be a specific and targeted tool to drive certain desired economic activity. To broaden the class of assets that qualify as "plant" so as to accommodate the RTA would undeniably have potential knock-on effects on the classification of other assets, and thereby risk distorting the current scheme of capital allowances. Ultimately, the appellant must be treated equally like all other taxpayers; Singapore's general statutory tax rules should not be interpreted to favour any specific taxpayer.

Version No 1: 25 Sep 2025 (16:30 hrs)

Conclusion

64 In sum, the decisions of the Board and the Judge below were reasonable conclusions applying the legal principles to the facts. To recapitulate, the Court of Appeal in *ZF* at [67] agreed that the question whether an asset is "plant" is one of fact and degree and that the conclusion reached by the Board should be treated as decisive unless it was an unreasonable one on the facts. The appellant had not shown that the Board's decision was unreasonable on the facts. The appeal was therefore dismissed.

65 Finally, in relation to costs, the Comptroller sought $125,000, while the appellant sought $120,000 in the event it succeeded. We found the quantum submitted by the parties to be excessive. The applicable legal principles are not exceedingly complex or entirely novel. While the appeal involved technical issues, it turned largely on the application of the law to the facts at hand. The arguments were largely a rehash of those raised below, even though additional cases and other new materials were referred to. As such, we ordered the appellant to bear the Comptroller's costs of the appeal in the amount of $50,000 inclusive of disbursements, which we regarded as fair and proportionate in the circumstances. The usual consequential orders would apply.

Woo Bih Li
Judge of the Appellate Division

Debbie Ong Siew Ling
Judge of the Appellate Division

Version No 1: 25 Sep 2025 (16:30 hrs)

See Kee Oon
Judge of the Appellate Division

Phua Lye Huat Stephen, Han Junwei, Jonathan Kenric Trachsel and Kenneth Wang Ye (Allen & Gledhill LLP) for the appellant;
Quek Hui Ling, Lee Long Jin Bjorn, Li Yourui Charles, Koh Swee Huang Flora (Xu Ruifang) and Jasper Wong Chun Yin (Inland Revenue Authority of Singapore (Law Division)) for the respondent.

Version No 1: 25 Sep 2025 (16:30 hrs)