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

[2025] SGHC 239

Originating Application No 686 of 2025

Between

Modernland Overseas Pte Ltd

… *Applicant*

And

Comptroller of Income Tax

… *Respondent*

Originating Application No 687 of 2025

Between

JGC Ventures Pte Ltd

… *Applicant*

And

Comptroller of Income Tax

… *Respondent*

JUDGMENT

[Revenue Law – Income taxation — Qualifying debt securities]

Version No 1: 03 Dec 2025 (09:15 hrs)

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Modernland Overseas Pte Ltd
v
Comptroller of Income Tax and another matter

[2025] SGHC 239

General Division of the High Court — Originating Application No 686 of 2025 and Originating Application No 687 of 2025
Choo Han Teck J
16 October, 25 November 2025

3 December 2025 Judgment reserved.

Choo Han Teck J:

1 Modernland Overseas Pte Ltd ("MOPL"), the applicant in HC/OA 686 of 2025, and JGC Ventures Pte Ltd ("JGC"), the applicant in HC/OA 687 of 2025 (collectively, the "Applicants"), are both wholly owned subsidiaries of PT Modernland, an Indonesian-incorporated public company listed on the Indonesia Stock Exchange. The PT Modernland group (the "Group") is a property developer. The Applicants were incorporated as special purpose companies for the issuance of bonds and notes in Singapore.

2 The Applicants issued two notes, namely:

(a) MOPL's Guaranteed Senior Notes, issued on 6 April 2017 and bore interest at 6.95% per annum and were due in 2024 (ISIN:

XS1592893546, Common Code 159289354) for a principal amount of US$240,000,000 ("MOPL Existing Notes"); and

(b) JGC's Guaranteed Senior Notes, issued on 30 August 2018 and bore interest at 10.75% per annum and were due in 2021 (ISIN: XS1871087133, Common Code: 187108713) for a principal amount of US$150,000,000 ("JGC Existing Notes").

(Collectively, the "Existing Notes")

3 The Existing Notes were issued as a Qualifying Debt Security ("QDS") under the Income Tax Act 1947 (2020 Rev Ed) ("ITA") and were secured by PT Modernland and other subsidiaries within the Group. The significance of the Existing Notes being a QDS is that any interest, discount income, prepayment fee, redemption premium or break cost paid on the Existing Notes would be exempt from withholding tax in Singapore when paid by the Applicants to noteholders who are not tax-resident in Singapore.

4 The Group's operations and revenue were affected by the COVID-19 pandemic. As a result, the Applicants defaulted on their payment of interests that were due in August and October 2020 under the Existing Notes — an event of default. The Applicants each sought and obtained moratoriums under s 64 of the Insolvency, Restructuring and Dissolution Act 2018 ("IRDA"). Thereafter, each Applicant proposed a pre-packaged scheme of arrangement with its scheme creditors (*ie*, the noteholders) under s 71 of the IRDA. The schemes will be referred to as the "MOPL 2021 Scheme" and the "JGC 2021 Scheme" (together the "2021 Schemes").

5 The noteholders voted in favour of the respective 2021 Schemes. The 2021 Schemes were both approved by the court under s 71 of the IRDA. Under

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each of these 2021 Schemes, the terms of the Existing Notes were altered by the "2021 MOPL Notes Indenture" and the "2021 JGC Notes Indenture" (together, the "2021 Notes Indenture"). The Applicants referred to these notes after the alteration as the "Amended Notes". I will adopt this terminology in this judgment.

6 After the 2021 Schemes took effect, the Applicants sought an advance ruling from the Respondent to confirm that the Amended Notes qualify as QDS. After an exchange of letters from August 2021 to September 2022 between the Applicants and the Respondent, the Respondent ruled that the Amended Notes were not the same debt instrument as the Existing Notes for the purposes of the QDS scheme. When the Amended Notes are assessed independently, it is immediately apparent that they do not qualify for the QDS scheme. The Applicants accept that the Amended Notes, when assessed independently, do not qualify for the QDS scheme. However, their case is that the Amended Notes and the Existing Notes are the same debt instrument for the purposes of the QDS scheme, that is, that the Amended Notes should not be assessed independently.

7 The Applicants, therefore, applied under O 4 r 7 of the Rules of Court 2021 ("ROC 2021") and ss 45 and 45A of the ITA, seeking declaratory relief. They seek:

(a) a declaration that the Amended Notes are the same debt instrument as their Existing Notes for the purpose of the QDS scheme under the ITA; and

(b) a declaration that the QDS status of their Existing Notes applies to the Amended Notes.

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8 In my view, the applications must be dismissed for the following reasons. The Amended Notes were expressly referred to as "new Global Note[s]". In both the 2021 Notes Indentures, the notes were described as an issuance of new notes and the Existing Notes were to be cancelled. For convenience, the express terms are reproduced here:

> 2021 MOPL Notes Indenture
>
> "WHEREAS, a new Global Note shall be issued on the Effective Date in principal amount of US$268,480,678, representing all amounts due and payable under the [MOPL Existing Note] as of the Effective Date. Upon issuance of such new Global Note on the Effective Date, the [MOPL Existing Note] shall be cancelled or voided in their entirety"
>
> 2021 JGC Notes Indenture
>
> "WHEREAS, a new Global Note shall be issued on the Effective Date in principal amount of US$179,156,672, representing all amounts due and payable under the [JGC Existing Note] as of the Effective Date. Upon issuance of such new Global Note on the Effective Date, the [JGC Existing Note] shall be cancelled or voided in their entirety"

9 Furthermore, the documents contemplate a full release of claims by the noteholders of the Existing Notes under the 2021 Schemes. In the explanatory notes to both the MOPL 2021 Scheme and the JGC 2021 Scheme, it states:

> DEFINITIONS AND INTERPRETATION
>
> …
>
> | | |
> |---|---|
> | **"Scheme Claims"** | means all Claims under or in respect of the Existing Notes Transaction Document and any related transactions (including all Claims to principal, interest, penalties or other amounts due in relation to the Existing Notes), whether in tort, contract or otherwise … |
> | **"Scheme Creditors"** | means holders of economic or beneficial ownership interests in the [Existing Notes], and any other Person who holds any Scheme Claims, as at the Record Time… |

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…

Restructuring Term Sheet

…

Treatment of the [JGC Notes], [MOPL Notes] and Scheme Claims	On the Restructuring Effective Date: the Scheme Creditors shall fully release all Scheme Claims arising prior to and after the Restructuring Effective Date against (amongst others) the Parent Guarantor, the Issuers, the Guarantors and the officers, directors, advisors and representatives of each of the foregoing under the [JGC Notes] and the [MOPL Notes] (subject to carve outs for fraud, dishonesty, wilful default and wilful misconduct); and …

In effect, the noteholders of the Existing Notes have released MOPL and JGC from their obligations under the Existing Notes when the Amended Notes came into effect. This release of obligation is consistent with cancellation of the Existing Notes, rather than an "amendment" as pleaded by the Applicants.

10 The Applicants' counsel, Mr Sunit Chhabra, argues that a "realistic view" should be taken in that the "cancellation" was only a "mechanism" by which the amendment or variation took place, and not as an actual cancellation. However, in my view, the wording of the Applicants' own 2021 Notes Indentures are clear. The Existing Notes were cancelled and a new note was reissued. The Respondent is entitled to view it as such in assessing its qualification for the QDS scheme. Commercial terms must be given the natural and ordinary meaning that commercial persons readily understand. In such major transactions, any special reading must be fully set out or explained. Accordingly, the Amended Notes are new notes, and not simply an amendment to the Existing Notes.

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11 Mr Chhabra also argues that a purposive interpretation of the ITA provisions suggests that once a security is a QDS, it will always be a QDS until maturity. However, this argument presupposes a finding that the Existing Notes were simply "amended" and not cancelled. In my view, since the 2021 Notes Indentures say that the notes were "cancelled", this is therefore a circular argument.

12 Consequently, the Applicants fail in their application. Parties are to submit on cost within seven days of this judgment.

- Sgd -
Choo Han Teck
Judge of the High Court

Sunit Chhabra, Jo Tay, Chen Rong and Pek Yu Chin (Allen & Gledhill LLP) for the applicants;
Yeow Ing Yee and Michael Ang (Inland Revenue Authority of Singapore (Law Division) for the respondent.

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