
First published in the Government *Gazette*, Electronic Edition, on 20 February 2019 at 5 pm.

No. S 111

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR FINANCIAL SECTOR INCENTIVE COMPANIES) (AMENDMENT NO. 2) REGULATIONS 2019

In exercise of the powers conferred by section 43Q of the Income Tax Act, the Minister for Finance makes the following Regulations:

Citation and commencement

1.—(1) These Regulations are the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) (Amendment No. 2) Regulations 2019 and, except for regulations 4(e), 5(b) and 7(b) and (c), are deemed to have come into operation on 1 June 2017.

(2) Regulations 4(e), 5(b) and 7(b) and (c) are deemed to have come into operation on 1 January 2019.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2017 (G.N. No. S 239/2017) (called in these Regulations the principal Regulations) is amended by inserting, immediately after the definition of “financial sector incentive (standard tier) company”, the following definition:

““financial sector incentive (trustee companies) company” means a company approved as such under section 43Q of the Act;”.

Deletion and substitution of regulation 3

3. Regulation 3 of the principal Regulations is deleted and the following regulation substituted therefor:

“Application

3. These Regulations apply to a financial sector incentive company —

(a) where the effective date of its approval as such; or

(b) where the effective date of the extension of its approval as such,

is 1 June 2017 or later.”.

Amendment of regulation 4

4. Regulation 4 of the principal Regulations is amended —

(a) by deleting the full-stop at the end of sub-paragraph (f) of paragraph (1) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:

“(g) a financial sector incentive (trustee companies) company.”;

(b) by inserting, immediately after the words “financial sector” in paragraphs (3) and (4), the word “incentive”;

(c) by deleting paragraph (5) and substituting the following paragraphs:

“(5) Subject to paragraph (7), the Minister or approving authority may, subject to such conditions as the Minister or approving authority may impose, approve a company as a financial sector incentive company.

(5A) Subject to paragraph (6A), a company may be approved as a financial sector incentive company more than once.

(5B) Each period of approval is 5 years.”;

(d) by inserting, immediately after paragraph (6), the following paragraph:

“(6A) A company may only be approved as a financial sector incentive (trustee companies) company for a single period of 5 years.”; and

(e) by deleting “2019” in paragraph (7) and substituting “2024”.

Amendment of regulation 5

5. Regulation 5 of the principal Regulations is amended —

(a) by deleting “12%” in paragraph (1) and in the regulation heading and substituting in each case “13.5%”; and

(b) by deleting “2018” in paragraph (2)(a) to (d) and substituting in each case “2023”.

New regulation 5A

6. The principal Regulations are amended by inserting, immediately after regulation 5, the following regulation:

“12% tax payable on qualifying income of financial sector incentive (trustee companies) company

5A.—(1) Tax is payable at the rate of 12% on the income of a financial sector incentive (trustee companies) company from the provision of any of the following services:

(a) trustee or custodian services in its capacity as a trustee of a trust;

(b) trustee or custodian services in respect of bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments;

(c) trust management or administration services to —

(i) a trustee of a trust; or

(ii) a holding company of a trust that is administered by a trustee company in Singapore;

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- (d) trustee services in respect of the issue of units of a collective investment scheme, or of a business trust;
 - (e) custodian services in respect of —
 - (i) debt securities;
 - (ii) equity securities;
 - (iii) units in a collective investment scheme; or
 - (iv) units in a business trust.

(2) In this regulation, “holding company”, in relation to a trust, means a company —

- (a) which is set up to hold the assets of the trust;
- (b) whose operations consist solely of trading in or making investments for the purpose of the trust; and
- (c) whose shares are all held by the trustees of the trust, or by their nominee.”.

Amendment of First Schedule

7. The First Schedule to the principal Regulations is amended —

- (a) by deleting “12%” in the Schedule heading and in paragraph 1 and substituting in each case “13.5%”;
- (b) by inserting, immediately after the word “trading” in paragraph 1(b), the words “before 1 January 2019,”; and
- (c) by inserting, immediately after sub-paragraph (b) of paragraph 1, the following sub-paragraph:
 - “(ba) trading on or after 1 January 2019, in loans and their related collaterals (excluding immovable property other than immovable property that is or is used for any prescribed asset or project);”.

Made on 18 February 2019.

TAN CHING YEE
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Ministry of Finance,
Singapore.*

[R032.018.2183.V21; AG/LEGIS/SL/134/2015/43 Vol. 2]