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**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR
APPROVED FINANCE AND TREASURY CENTRE)
(AMENDMENT) REGULATIONS 2006**

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

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) (Amendment) Regulations 2006 and shall, with the exception of regulation 2, come into operation on 11th January 2006.

(2) Regulation 2(a) to (f) shall be deemed to have come into operation on 18th February 2005.

(3) Regulation 2(g) shall be deemed to have come into operation on 3rd May 2002.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations (Rg 18) is amended —

(a) by deleting the definition of “qualifying activities” and substituting the following definition:

““qualifying activities” means the following activities carried out by an approved Finance and Treasury Centre on its own account:

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- (a) transacting or investing in stocks and shares of companies which are neither incorporated nor resident in Singapore;
 - (b) transacting or investing in securities, other than stocks and shares but including bonds, notes, certificates of deposit and treasury bills, issued by foreign governments, foreign banks outside Singapore and companies which are neither incorporated nor resident in Singapore;
 - (c) transacting or investing in certificates of deposit, notes and bonds issued by a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - (d) transacting or investing in Asian Dollar Bonds approved under section 13(1)(v) of the Act;
 - (e) investing in deposits with a bank licensed under the Banking Act or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act or in foreign currency deposits with financial institutions outside Singapore;
 - (f) foreign exchange transactions with banks outside Singapore or persons who are neither residents of nor permanent establishments in Singapore or with banks licensed under the Banking Act or merchant banks approved under section 28 of the Monetary Authority of Singapore Act;
 - (g) transactions involving interest rate or currency swaps —

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- (i) for or with banks outside Singapore or persons who are neither residents of nor permanent establishments in Singapore; or
 - (ii) with banks licensed under the Banking Act or merchant banks approved under section 28 of the Monetary Authority of Singapore Act;
- (h) transactions in financial futures contracts or options with a member of any exchange specified in the Schedule;
- (i) factoring, forfaiting and re-invoicing activities for its approved offices and associated companies (whether within or outside Singapore);
- (j) providing credit facilities to its approved offices and associated companies (whether within or outside Singapore),

where the funds used for carrying out the activities are obtained from —

- (i) financial institutions in Singapore;
- (ii) its paid-up capital;
- (iii) its accumulated profits derived from qualifying activities and qualifying services approved under section 43G(2) of the Act;
- (iv) its approved offices and associated companies, but excluding such funds borrowed or raised by the approved offices or associated companies, as the case may be, from sources other than —
 - (A) financial institutions in Singapore;
 - (B) banks outside Singapore;

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- (C) non-bank financial institutions outside Singapore which are not offices or associated companies of the approved Finance and Treasury Centre; and
 - (D) the issuance of any bond, note, debenture or other debt security which is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved Finance and Treasury Centre which is not an approved office or associated company of the approved Finance and Treasury Centre;
 - (v) the issuance of any bond, note, debenture or other debt security which is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved Finance and Treasury Centre which is not an approved office or associated company of the approved Finance and Treasury Centre;
 - (vi) banks outside Singapore; and
 - (vii) non-bank financial institutions outside Singapore which are not its offices or associated companies;”;
- (b) by deleting the words “outside Singapore” in the 3rd line of the definition of “qualifying services”;
- (c) by deleting the words “in currencies other than Singapore dollars” in paragraph (a) of the definition of “qualifying services”;

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- (d) by deleting the words “an Asian Currency Unit of a financial institution in Singapore” in paragraph (c)(i) and (ii) of the definition of “qualifying services” and substituting in each case the words “a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186)”;
- (e) by deleting paragraph (d) of the definition of “qualifying services” and substituting the following paragraph:
- “(d) arranging interest rate or currency swaps with —
- (i) a bank licensed under the Banking Act (Cap. 19);
 - (ii) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - (iii) a person who is neither a resident of nor a permanent establishment in Singapore; or
 - (iv) a branch office outside Singapore of a company resident in Singapore;”;
- (f) by deleting the words “outside Singapore” in the 2nd line of paragraph (e) of the definition of “qualifying services”; and
- (g) by deleting the words “Income Tax (Income from Funds Managed for Foreign Investors) Regulations (Rg 8)” in the 4th and 5th lines of paragraph (e) of the definition of “qualifying services” and substituting the words “Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003)”.

Amendment of regulation 5

3. Regulation 5 of the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations is amended by deleting the words “section 37 of” in paragraph (b).

[G.N. Nos. S 483/99; S 492/2003]

Made this 6th day of January 2006.

LIM SIONG GUAN
Permanent Secretary,
Ministry of .

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