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INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(CONCESSIONARY RATE OF TAX
FOR FINANCIAL SECTOR INCENTIVE COMPANIES)
(AMENDMENT) REGULATIONS 2016

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) Regulations 2016 and, except for regulations 2(a) to (d), 3(b), 4, 5(a), (b), (c), (g) and (h), 6, 7, 8(a), (c), (e) and (g), 9(b), (d) and (e) and 12, are deemed to have come into operation on 1 January 2014.

(2) Regulation 3(b) is deemed to have come into operation on 1 January 2004.

(3) Regulation 2(a) is deemed to have come into operation on 17 February 2006.

(4) Regulations 4(a) and 7(a) are deemed to have come into operation on 1 September 2007.

(5) Regulations 2(d), 4(b), 6 and 7(b) are deemed to have come into operation on 1 April 2009.

(6) Regulations 2(b) and (c), 4(c), 7(c) and 9(e) are deemed to have come into operation on 7 July 2010.

(7) Regulation 12(d), (e) and (f) is deemed to have come into operation on 1 January 2011.

(8) Regulations 5(a), (b) and (c), 8(a), (c), (e) and (g), 9(b) and (d) and 12(a), (b), (c) and (g) are deemed to have come into operation on 1 April 2013.

(9) Regulation 5(h) is deemed to have come into operation on 28 June 2013.

(10) Regulation 5(g) is deemed to have come into operation on 27 November 2014.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2005 (G.N. No. S 735/2005) (called in these Regulations the principal Regulations) is amended —

(a) by deleting the definition of “approved company” and substituting the following definition:

“ “approved company” means an approved company to which the tax exemption under section 13R of the Act applies;”;

(b) by inserting, immediately after the definition of “approved enhanced commodity derivatives trading company”, the following definition:

“ “approved feeder fund” means a company, trust fund or limited partnership —

(a) that invests its funds substantially and directly through only one approved master fund; and

(b) that is approved under section 13X of the Act,

where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;”;

(c) by inserting, immediately after the definition of “Approved Headquarters Company”, the following definitions:

““approved master-feeder fund structure” means a master-feeder fund structure approved under section 13X of the Act;

“approved master fund” means a company, trust fund or limited partnership —

(a) that enables investors to invest funds in one or more underlying investments that are managed by a fund manager; and

(b) that is approved under section 13X of the Act,

where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;”;

(d) by deleting the definition of “approved person” and substituting the following definition:

““approved person” means an approved person to which the tax exemption under section 13X of the Act applies;”;

(e) by inserting, immediately after the definition of “financial sector incentive (bond market) company”, the following definition:

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

(f) by inserting the word “and” at the end of paragraph (b) of the definition of “foreign collective investment scheme”;

(g) by deleting the word “and” at the end of paragraph (c) of the definition of “foreign collective investment scheme”;

(h) by deleting paragraph (d) of the definition of “foreign collective investment scheme”;

(i) by deleting the word “or” at the end of paragraph (c)(ii) of the definition of “incidental physical trading”;

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- (j) by deleting the comma at the end of paragraph (d)(ii) of the definition of “incidental physical trading” and substituting the word “; or”;
- (k) by inserting, immediately after paragraph (d) of the definition of “incidental physical trading”, the following paragraph:
- “(e) trading by a financial sector incentive (derivatives market) company —
- (i) in any commodity with any specified person on a spot or forward basis; and
- (ii) in connection with and incidental to the trading by that company in any commodity derivatives, whether transacted over-the-counter or on an exchange, with that or any other specified person,”;
- (l) by deleting the word “or” at the end of paragraph (a)(iii) of the definition of “specified person”;
- (m) by deleting the comma at the end of sub-paragraph (iv) of paragraph (a) of the definition of “specified person” and substituting the word “; or”, and by inserting immediately thereafter the following sub-paragraph:
- “(v) financial sector incentive (derivatives market) company,”; and
- (n) by deleting the word “and” at the end of sub-paragraph (K) of paragraph (a) of the definition of “specified person”, and by inserting immediately thereafter the following sub-paragraph:
- “(L) a or another financial sector incentive (derivatives market) company; and”.

Amendment of regulation 3

3. Regulation 3 of the principal Regulations is amended —
- (a) by deleting the full-stop at the end of sub-paragraph (o) of paragraph (1) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:
 - “(p) a financial sector incentive (capital market) company.”;
 - (b) by inserting, immediately after paragraph (2), the following paragraph:
 - “(2AA) Despite paragraph (2) but subject to paragraph (6), a company may, on or after 1 January 2004, be approved as a financial sector incentive (fund management) company for the purposes of these Regulations if —
 - (a) the company is exempted from holding a capital markets services licence for fund management under the Securities and Futures Act (Cap. 289); and
 - (b) the company provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.”;
 - (c) by deleting sub-paragraphs (ii), (x), (xi) and (xii) of paragraph (6)(a);
 - (d) by deleting the word “or” at the end of paragraph (6)(c);
 - (e) by deleting the words “on or after 27th February 2009” in paragraph (6)(d) and substituting the words “between 27 February 2009 and 31 December 2013 (both dates inclusive) and on or after 1 January 2019”; and
 - (f) by deleting the full-stop at the end of sub-paragraph (d) of paragraph (6) and substituting the word “; or” and by inserting immediately thereafter the following sub-paragraph:

“(e) any of the following on or after 1 January 2019:

- (i) a financial sector incentive (capital market) company;
- (ii) a financial sector incentive (credit facilities syndication) company;
- (iii) a financial sector incentive (fund management) company;
- (iv) a financial sector incentive (headquarters services) company;
- (v) a financial sector incentive (standard tier) company.”.

Amendment of regulation 4

4. Regulation 4 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “designated investments” in paragraph (2F)(d) and (e), the words “(including through a fund manager outside Singapore)”;
- (b) by inserting, immediately after the words “designated investments” in paragraph (2G)(b), the words “(including through a fund manager outside Singapore)”;
- (c) by inserting, immediately after paragraph (2G), the following paragraph:

“(2H) Subject to this regulation, tax is payable at the rate of 10% on the income of a financial sector incentive (standard tier) company derived on or after 7 July 2010 but before 1 January 2011 from any of the following activities:

- (a) managing the funds of the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;

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- (b) providing investment advisory services to the approved master fund or an approved feeder fund of an approved master-feeder fund structure in respect of any designated investments (including through a fund manager outside Singapore).”.

Amendment of regulation 4A

5. Regulation 4A of the principal Regulations is amended —

- (a) by deleting the words “on or after 1st January 2011” in paragraph (1) and substituting the words “during the period between 1 January 2011 and 31 December 2013 (both dates inclusive)”;
- (b) by deleting the words “the Fourth Schedule” in paragraph (1)(a) and (b) and substituting in each case the words “Part 1 of the Fourth Schedule”;
- (c) by inserting, immediately after paragraph (1), the following paragraph:
- “(1A) Subject to this regulation and regulation 7A, tax is payable at the rate of 12% on the income of a financial sector incentive (standard tier) company derived during the period between 1 April 2013 and 31 December 2013 (both dates inclusive) from any of the activities specified in Part 2 of the Fourth Schedule.”;
- (d) by inserting, immediately after paragraph (1A), the following paragraph:
- “(1B) Subject to this regulation and regulation 7A, tax is payable at the rate of 12% on the income of a financial sector incentive (standard tier) company derived on or after 1 January 2014, being —
- (a) income from any of the activities specified in the Fifth Schedule; and
- (b) interest from any deposit held by the company as a corporate futures member as a margin for

any transaction in relation to any activity mentioned in sub-paragraph (j), (l) or (m) of the Fifth Schedule.”;

- (e) by inserting, immediately after the words “paragraph (1)” in paragraphs (2) and (3), the words “or (1B)”;
- (f) by deleting the words “31st December 2013” in paragraph (2)(a) to (d) and substituting in each case the words “31st December 2018”;
- (g) by deleting the words “the issue of those securities is beneficially held or funded, directly or indirectly, at any time during the life of the issue” in paragraph (2) and substituting the words “those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly,”; and
- (h) by deleting the word “Comptroller” wherever it appears in paragraph (3) and substituting in each case the words “Monetary Authority of Singapore”.

Amendment of regulation 5

6. Regulation 5(2) of the principal Regulations is amended by inserting, immediately after the definition of “approved office”, the following definition:

““approved person”, in relation to a financial sector incentive (headquarter services) company, means a person which is not an approved office of the financial sector incentive (headquarter services) company and which is approved by the Minister or approving authority for the purposes of this regulation;”.

Amendment of regulation 6

7. Regulation 6 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “designated investments” in paragraph (4)(d) and (e), the words “(including through a fund manager outside Singapore)”;

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- (b) by inserting, immediately after the words “designated investments” in paragraph (4A)(b) the words “(including through a fund manager outside Singapore)”; and
 - (c) by inserting, immediately after paragraph (4A), the following paragraph:

“(4B) Subject to this regulation, tax is payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 7 July 2010 from any of the following activities:

- (a) managing the funds of the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;
- (b) providing investment advisory services to the approved master fund or an approved feeder fund of an approved master-feeder fund structure in respect of any designated investments (including a fund manager outside Singapore).”.

Amendment of regulation 7A

8. Regulation 7A of the principal Regulations is amended —

- (a) by deleting the words “the Fourth Schedule” in paragraph (1) and substituting the words “Part 1 of the Fourth Schedule”;
- (b) by inserting, immediately after the words “Part 1 of the Fourth Schedule” in paragraph (1), the words “or sub-paragraph (n), (s) or (z) of the Fifth Schedule”;
- (c) by deleting the words “the Fourth Schedule” in the definition of “C” in paragraph (1) and substituting the words “Part 1 of the Fourth Schedule”;
- (d) by inserting, immediately after the words “Part 1 of the Fourth Schedule” in the definition of “C” in paragraph (1), the words “or sub-paragraph (n), (s) or (z) of the Fifth Schedule, as the case may be,”;

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- (e) by deleting the words “the Fourth Schedule” in paragraph (2) and substituting the words “Part 1 of the Fourth Schedule”;
 - (f) by inserting, immediately after the words “Part 1 of the Fourth Schedule” in paragraph (2), the words “or sub-paragraph (q), (t), (x) or (za) of the Fifth Schedule”;
 - (g) by deleting the words “the Fourth Schedule” in the definition of “F” in paragraph (2) and substituting the words “Part 1 of the Fourth Schedule”; and
 - (h) by inserting, immediately after the words “Part 1 of the Fourth Schedule” in the definition of “F” in paragraph (2), the words “or sub-paragraph (q), (t), (x) or (za) of the Fifth Schedule, as the case may be,”.

Amendment of regulation 8

9. Regulation 8 of the principal Regulations is amended —

- (a) by inserting, immediately after sub-paragraph (d) of paragraph (1), the following sub-paragraph:

“(da) on or after 1 January 2014, by a financial sector incentive (derivatives market) company from the following activities:

- (i) trading in financial derivatives;
- (ii) providing services as an intermediary in connection with transactions relating to financial derivatives;
- (iii) trading in commodity derivatives or emission derivatives transacted over-the-counter with any specified person;
- (iv) providing services as an intermediary in connection with transactions relating to commodity derivatives or emission derivatives transacted over-the-counter between specified persons;
- (v) trading in freight derivatives transacted over-the-counter with —

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- (A) a specified person; or
 - (B) a shipping enterprise;
- (vi) providing services as an intermediary in connection with transactions relating to freight derivatives transacted over-the-counter between —
- (A) specified persons;
 - (B) shipping enterprises; or
 - (C) a specified person and a shipping enterprise;
- (vii) trading with any person in commodity derivatives or freight derivatives transacted over-the-counter, where such trade is cleared through the SGX AsiaClear Facility by the Singapore Exchange Derivatives Clearing Limited;
- (viii) trading in commodity derivatives or emission derivatives transacted on an exchange, where —
- (A) the financial sector incentive (derivatives market) company is a member of a qualifying exchange; or
 - (B) such trade is executed through a specified person who is a member of any exchange, and on behalf of the financial sector incentive (derivatives market) company;
- (ix) providing services as an intermediary in connection with transactions relating to commodity derivatives or emission derivatives transacted on an exchange between —
- (A) specified persons; or

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- (B) a specified person and a qualifying exchange;
 - (x) trading in freight derivatives transacted on an exchange where —
 - (A) the financial sector incentive (derivatives market) company is a member of a qualifying exchange; or
 - (B) such trade is executed through a specified person who is a member of any exchange, and on behalf of the financial sector incentive (derivatives market) company;
 - (xi) providing services as an intermediary in connection with transactions relating to freight derivatives transacted on an exchange between —
 - (A) specified persons;
 - (B) shipping enterprises;
 - (C) qualifying exchanges;
 - (D) a specified person and a shipping enterprise;
 - (E) a specified person and a qualifying exchange; or
 - (F) a shipping enterprise and a qualifying exchange;
 - (xii) incidental physical trading, but subject to paragraph (4A);”;
- (b) by deleting the words “the Fourth Schedule” in paragraph (1)(h) and substituting the words “Part 1 of the Fourth Schedule”;
- (c) by inserting, immediately after sub-paragraph (h) of paragraph (1), the following sub-paragraph:

“(ha) on or after 1 January 2014, by a financial sector incentive (Islamic finance) company, which is 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), from the activities of the kinds mentioned in sub-paragraph (a)(i) to (iv) of the Fifth Schedule, if the following conditions are satisfied:

(i) the activities are endorsed by any Shari’ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari’ah law;

(ii) the activities are structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;”;

(d) by deleting the words “the Fourth Schedule” in paragraph (1)(i), and substituting the words “Part 1 of the Fourth Schedule”;

(e) by inserting, immediately after sub-paragraph (i) of paragraph (1), the following sub-paragraph:

“(ia) on or after 7 July 2010, by a financial sector incentive (Islamic finance) company that is a fund manager, from the activities of the kinds mentioned in regulation 4(2H), if (but only if) the activities are endorsed by any Shari’ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari’ah law;”;

(f) by inserting, immediately after sub-paragraph (ia) of paragraph (1), the following sub-paragraph:

“(ib) on or after 1 January 2014, by a financial sector incentive (Islamic finance) company that is a fund manager, from the activities of

the kinds mentioned in sub-paragraph (n), (o), (p), (q), (r), (s), (t), (v), (w), (x), (y), (z) or (za) of the Fifth Schedule, if (but only if) the activities are endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law;”;

- (g) by deleting the word “and” at the end of paragraph (1)(n);
- (h) by deleting the full-stop at the end of sub-paragraph (o) of paragraph (1) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraphs:
- “(p) on or after 1 January 2014, by a financial sector incentive (capital market) company from —
- (i) trading in any debt securities;
 - (ii) trading in stocks, shares, or other equity securities which are —
 - (A) listed on any foreign exchange and issued by a company, a collective investment scheme or a business trust; or
 - (B) not listed on an exchange but are issued by a company which is neither incorporated in Singapore nor resident in Singapore, a foreign collective investment scheme or a foreign business trust;
 - (iii) trading in stocks, shares or other equity securities listed on the Singapore Exchange which are issued by —
 - (A) a company which is neither incorporated in Singapore nor resident in Singapore; or

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- (B) a company which —
 - (BA) is incorporated in Singapore;
 - (BB) has at least 50% of its annual turnover derived from outside Singapore; and
 - (BC) is approved for the purpose of this regulation by the Minister or approving authority;
 - (C) a foreign collective investment scheme; or
 - (D) a foreign business trust;
 - (iv) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —
 - (A) qualifying debt securities; or
 - (B) foreign debt securities;
 - (v) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities or units under a securities lending or repurchase arrangement) in respect of —
 - (A) foreign equity securities;
 - (B) units in a foreign collective investment scheme; or
 - (C) units in a foreign business trust,

except where the payments for those services and other expenses in connection with those services are borne, directly or indirectly, by a person resident in Singapore, or by a permanent establishment in Singapore of a person who is not resident in Singapore;

(vi) providing services for the purpose of a listing on the Singapore Exchange, to a company which —

(A) is incorporated in Singapore;

(B) has at least 50% of its annual turnover derived from outside Singapore; and

(C) is approved, for the purpose of these Regulations, by the Minister or approving authority; or

(vii) providing services for the purpose of a listing on the Singapore Exchange, to a company which is neither incorporated in Singapore nor resident in Singapore (but not to any permanent establishment it may have in Singapore), where the payments for these services and other expenses in connection with the listing are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore; and

(q) on or after 1 January 2014, by a financial sector incentive (credit facilities syndication) company, from providing project finance advisory services in connection with a syndicated offshore facility relating to any prescribed asset or project.”;

- (i) by inserting, immediately after paragraph (4), the following paragraph:

“(4A) For the purposes of paragraph (1)(da)(xii), where, in a relevant year of assessment, the volume of the incidental physical trading of the financial sector incentive (derivatives market) company with specified persons exceeds 15% of the total volume of its incidental physical trading and trading in commodity derivatives, whether transacted over-the-counter or on an exchange, with specified persons, the concessionary rate only applies to a portion of the income derived from the incidental physical trading that is calculated in accordance with the formula:

$$\frac{A}{B} \times C,$$

where is 15% of the total volume of
 A incidental physical trading and trading in commodity derivatives (whether transacted over-the-counter or on an exchange) with specified persons in that year of assessment;

B is the total volume of all incidental physical trading with specified persons in that year of assessment;
 and

C is the total income derived from all incidental physical trading with specified persons in that year of assessment.

”; and

- (j) by deleting “(1)(k)(v)” in paragraph (5) and substituting “(1)(da)(xii), (k)(v)”.

Amendment of regulation 9

10. Regulation 9 of the principal Regulations is amended by deleting the word “For” and substituting the words “Subject to regulation 9A, for”.

New regulation 9A

11. The principal Regulations are amended by inserting, immediately after regulation 9, the following regulation:

“Deduction, etc., where activity subject to 2 concessionary tax rates

9A.—(1) This regulation applies where income of a financial sector incentive company from an activity is subject to 2 different concessionary rates of tax under these Regulations for the same period (called in this regulation the common period), and either —

- (a) the income from that activity for a part of that period has been charged to tax at one of those rates; or
- (b) the capital allowance, losses or donations that are attributable or apportioned to that activity have been deducted against income of the company —
 - (i) derived during a part of that period; and
 - (ii) that has been charged to tax under these Regulations at one of those rates.

(2) In ascertaining the income of the company under regulation 9 for any remaining part of the common period (called in this regulation the remaining period) —

- (a) any expenses, capital allowances, losses and donations that are attributable or apportioned to that activity, and that are allowable under the Act against income in the remaining period, may only be deducted against income of the company in the remaining period that is subject to the rate at which the income mentioned in paragraph (1)(a) or (b) has been charged to tax (called in this regulation the initial rate); but

(b) any part of those expenses, capital allowances, losses and donations that remain unabsorbed are considered unabsorbed capital allowances, losses and donations in respect of the company's income that is subject to the initial rate, and may be deducted against any other income of the company in the remaining period and in accordance with section 37B of the Act (if applicable).

(3) The deduction of unabsorbed capital allowances, losses and donations under paragraph (2)(b) against other income of the company is subject to the conditions by which unabsorbed capital allowances, losses and donations may be carried forward for deduction against income under sections 23 and 37 of the Act (if applicable).

(4) Despite anything in these Regulations, in a case mentioned in paragraph (1)(b), tax is payable at the initial rate on the income of the company derived from that activity for the remaining period, and not at the other concessionary rate of tax mentioned in paragraph (1).”.

Amendment of Fourth Schedule

12. The Fourth Schedule to the principal Regulations is amended —

- (a) by inserting, immediately after the word “ACTIVITIES” in the Schedule heading, the words “OF FINANCIAL SECTOR INCENTIVE (STANDARD TIER) COMPANIES”;
- (b) by inserting, immediately below the Schedule heading, the following heading:

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PART 1

ACTIVITIES THE INCOME FROM WHICH, IF
DERIVED
BETWEEN 1 JANUARY 2011 AND 31 DECEMBER 2013
(BOTH DATES INCLUSIVE), QUALIFIES FOR 12%
TAX
RATE

”;

- (c) by deleting the words “that qualifies for the rate of tax of 12%, shall be” in the first paragraph and substituting the words “derived during the period between 1 January 2011 and 31 December 2013 (both dates inclusive), that qualifies for the rate of tax of 12%, is that”;
- (d) by inserting, immediately after the words “an approved person” in sub-paragraph (q), the words “, or the approved master fund or an approved feeder fund of an approved master-feeder fund structure,”;
- (e) by inserting, immediately after the words “designated investments” in sub-paragraphs (u) and (v), the words “(including through a fund manager outside Singapore)”;
- (f) by deleting the words “in respect of any designated investments” in sub-paragraph (x) and substituting the words “, or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, in respect of any designated investments (including through a fund manager outside Singapore)”;
- (g) by inserting, immediately after sub-paragraph (zg), the following Part:

“PART 2

ACTIVITIES THE INCOME FROM WHICH, IF DERIVED
BETWEEN 1 APRIL 2013 AND 31 DECEMBER 2013 (BOTH
DATES INCLUSIVE), QUALIFIES FOR 12% TAX RATE

1. The income of a financial sector incentive (standard tier) company derived during the period between 1 April 2013 and 31 December 2013 (both dates inclusive), that qualifies for the rate of tax of 12% is that derived from any of the following activities:

- (a) in a case where the company is 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), from any activity mentioned in sub-paragraph (a) of Part 1 of this Schedule, if both of the following conditions are satisfied:
 - (i) the activity is endorsed by any Shari’ah council or body, or by any committee formed for the purpose

- of providing guidance on compliance with Shari'ah law;
- (ii) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;
- (b) in a case where the company is a fund manager, from an activity mentioned in sub-paragraphs (m), (n), (o), (p), (q), (r), (s), (u), (v), (w), (x), (y) and (z) of Part 1 of this Schedule, if the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law.”.

New Fifth Schedule

13. The principal Regulations are amended by inserting, immediately after the Fourth Schedule, the following Schedule:

“FIFTH SCHEDULE

Regulations 4A, 7A and 8

ACTIVITIES OF FINANCIAL SECTOR INCENTIVE (STANDARD TIER) COMPANIES THE INCOME FROM WHICH, IF DERIVED ON OR AFTER 1 JANUARY 2014, QUALIFIES FOR 12% TAX RATE

1. The income of a financial sector incentive (standard tier) company derived on or after 1 January 2014 that qualifies for the rate of tax of 12% is that derived from any of the following activities:

- (a) in a case where the company is 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) —
- (i) transacting in or providing services in respect of loans, other than by way of bonds or debentures, in a foreign currency;
- (ii) transacting in any foreign currency with any bank or branch office in respect of any of the following:
- (A) placement of funds;
- (B) bankers' acceptances on bills relating to trade transactions;
- (C) bills relating to trade transactions;
- (D) negotiable certificates of deposit;
- (iii) transacting in, or providing services relating to, trade transactions or remittances, in a foreign currency;

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- (iv) transacting in, or providing services relating to, bank guarantees or performance bonds, denominated in a foreign currency;
 - (v) any activity mentioned in sub-paragraphs (i) to (iv) of sub-paragraph (a), if both of the following conditions are satisfied:
 - (A) the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law;
 - (B) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;
 - (b) trading in foreign currency loans and their related collaterals (excluding immovable property in Singapore);
 - (c) trading in any debt securities;
 - (d) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —
 - (i) qualifying debt securities; or
 - (ii) foreign debt securities;
 - (e) trading in stocks, shares, or other equity securities which are —
 - (i) listed on any foreign exchange and issued by a company, a collective investment scheme or a business trust; or
 - (ii) not listed on an exchange but are issued by a company which is neither incorporated nor resident in Singapore, a foreign collective investment scheme, or a foreign business trust;
 - (f) trading in stocks, shares or other equity securities listed on the Singapore Exchange, which are issued by —
 - (i) a company which is neither incorporated in Singapore nor resident in Singapore;
 - (ii) a company which —
 - (A) is incorporated in Singapore;
 - (B) has at least 50% of its annual turnover derived from outside Singapore; and
 - (C) is approved, for the purpose of these Regulations, by the Minister or approving authority;
 - (iii) a foreign collective investment scheme; or

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- (iv) a foreign business trust;
 - (g) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities or units under a securities lending or repurchase arrangement) in respect of any —
 - (i) foreign equity securities;
 - (ii) units in a foreign collective investment scheme; or
 - (iii) units in a foreign business trust;
 - (h) providing services for the purpose of a listing on the Singapore Exchange, to a company which —
 - (i) is incorporated in Singapore;
 - (ii) has at least 50% of its annual turnover derived from outside Singapore; and
 - (iii) is approved, for the purpose of these Regulations, by the Minister or approving authority;
 - (i) providing services for the purpose of a listing on the Singapore Exchange, to a company which is neither incorporated in Singapore nor resident in Singapore (but not to any permanent establishment it may have in Singapore), where the payments for these services and other expenses in connection with the listing are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore;
 - (j) foreign exchange transactions;
 - (k) providing services as an intermediary in connection with transactions relating to derivatives;
 - (l) trading in derivatives;
 - (m) transacting in or providing services in respect of gold bullion, silver bullion or platinum bullion;
 - (n) managing the funds of a foreign investor for the purpose of any designated investments, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (o) managing the funds of a prescribed person for the purpose of any designated investments, where the prescribed person has no non-

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- qualifying investor as at the last day of the basis period of the prescribed person for the relevant year of assessment;
- (p) managing the funds of an approved company for the purpose of any designated investments, where the approved company has no non-qualifying investor as at the last day of the basis period of the approved company for the relevant year of assessment;
 - (q) managing the funds of a trustee of a prescribed trust fund for the purpose of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (unless the permanent establishment is the fund manager or trustee (in its capacity as such trustee) of the prescribed trust fund);
 - (r) managing the funds of an approved person or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;
 - (s) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (t) arranging, on behalf of a trustee of a prescribed trust fund, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (u) providing advisory services relating to financial matters (other than investment advisory services in respect of fund management);
 - (v) providing investment advisory services to a prescribed person in respect of any designated investments (including through a fund manager outside Singapore), where the prescribed person has no non-qualifying investor as at the last day of the basis period of the prescribed person for the relevant year of assessment;
 - (w) providing investment advisory services to an approved company in respect of any designated investments (including through a fund manager outside Singapore), where the approved company has no

non-qualifying investor as at the last day of the basis period of the approved company for the relevant year of assessment;

- (x) providing investment advisory services to a trustee of a prescribed trust fund in respect of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (unless the permanent establishment is the fund manager or trustee (in its capacity as such trustee) of the prescribed trust fund);
- (y) providing investment advisory services to an approved person, or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, in respect of any designated investments (including through a fund manager outside Singapore);
- (z) providing investment advisory services to a foreign investor through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (za) providing investment advisory services to a trustee of a prescribed trust fund, in respect of designated investments through a fund manager outside Singapore, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zb) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zc) providing trustee or custodian services for or on behalf of any unit trust the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zd) providing custodian services for or on behalf of any foreign mutual fund corporation the funds of which are invested in designated investments where the payments for the custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (ze) providing trustee services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and

administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

- (zf) providing trustee services in respect of the issue of units of —
- (i) a foreign collective investment scheme; or
 - (ii) a foreign business trust,

where the proceeds of the issue of units are used outside Singapore, and the payment for the trustee services is not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (unless the permanent establishment is the trustee (in its capacity as such trustee) of that collective investment scheme or business trust);

- (zg) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zh) in a case where the company is a fund manager, from any activity mentioned in sub-paragraphs (n), (o), (p), (q), (r), (s), (t), (v), (w), (x), (y), (z) and (za), where the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law.”.

*[G.N. Nos. S 260/2006; S 586/2008; S 54/2010;
S 835/2010; S 638/2011]*

Made on 28 April 2016.

LIM SOO HOON
*Permanent Secretary
(Finance) (Performance),
Ministry of Finance,
Singapore.*

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