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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE GENERAL INSURERS) (AMENDMENT) REGULATIONS 2013

In exercise of the powers conferred by section 43C 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 Offshore General Insurers) (Amendment) Regulations 2013 and shall, with the exception of regulations 4 and 5, be deemed to have come into operation on 19th February 2011.

(2) Regulation 4 shall be deemed to have come into operation on 16th February 2011.

(3) Regulation 5 shall be deemed to have come into operation on 31st August 2011.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurers) Regulations (Rg 26) (referred to in these Regulations as the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “captive insurer”, the following definition:

““general insurance business” means the business (other than the business of life assurance) of insuring and reinsuring any risk, including offshore risks;”;

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- (b) by deleting the word “and” at the end of paragraph (c) of the definition of “offshore qualifying specialised insurance risks”; and
- (c) by inserting, at the end of paragraph (d) of the definition of “offshore qualifying specialised insurance risks”, the word “and”, and by inserting immediately thereafter the following paragraph:
- “(e) agriculture risks;”.

Deletion and substitution of regulation 4

3. Regulation 4 of the principal Regulations is deleted and the following regulation substituted therefor:

“Approval of marine hull and liability insurer

4.—(1) The Minister or such person as he may appoint may, upon application by any insurer carrying on marine hull and liability business and if he considers it expedient in the public interest to do so, approve the insurer as an approved marine hull and liability insurer.

(2) No approval shall be granted under paragraph (1) after 31st March 2016.

(3) Any approval under paragraph (1) shall be for such period not exceeding 10 years as the Minister or such person as he may appoint may specify.”.

Amendment of regulation 4A

4. Regulation 4A(1) of the principal Regulations is amended by deleting the words “16th February 2011” and substituting the words “31st March 2018”.

Amendment of regulation 4B

5. Regulation 4B(1) of the principal Regulations is amended by deleting the words “31st August 2011” and substituting the words “31st August 2016”.

Amendment of regulation 5

6. Regulation 5(1) of the principal Regulations is amended by deleting the words “Subject to regulation 5A, 7, 7A or 7B, tax” and substituting the word “Tax”.

Amendment of regulation 5A

7. Regulation 5A(1) of the principal Regulations is amended by deleting the words “Notwithstanding regulation 5 and subject to regulations 7, 7A and 7B, tax” and substituting the word “Tax”.

New regulation 5B

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

“Concessionary rate of tax for income of approved marine hull and liability insurer

5B.—(1) Tax shall be payable at the rate of 5% on the following income derived by an approved marine hull and liability insurer to which this regulation applies, during the basis period for a year of assessment:

- (a) the underwriting income derived from carrying on marine hull and liability business; and
- (b) the amount of income derived from carrying on marine hull and liability business ascertained by the formula —

$$\left(\frac{P_m}{P_o} \times A \right) + \left[\frac{P_n}{P_i} \times (B - A) \right],$$

where P_m is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore marine hull and liability business;

P_n is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its marine hull and liability business (other than offshore marine hull and liability business);

P_o is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore general insurance business;

P_i is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its general insurance business (other than offshore general insurance business);

A is the total amount of its income referred to in regulation 5(1)(b) derived during the basis period; and

B is the total amount of —

- (a) the dividends and interest it derived from outside Singapore;
- (b) the gains or profits it realised from the sale of its offshore investments; and
- (c) the interest from ACU deposits it derived,

during the basis period from —

- (i) the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for its general insurance business; and
- (ii) the investment of its shareholders' funds established in Singapore which are used to support its general insurance business,

where the reference to the amount of gains or profits realised by the approved marine hull and liability insurer from the sale of its offshore investments is a reference to the amount (after deducting losses from the gains

or profits) realised during the basis period from the sale of offshore investments acquired by the approved marine hull and liability insurer less any expenses directly attributable to the production of such gains or profits allowable under the Act.

(2) This regulation applies to an approved marine hull and liability insurer —

- (a) who had, at any time before 19th February 2011, been approved as an approved marine hull and liability insurer under regulation 4 and the approval had since expired;
- (b) who had been approved again as an approved marine hull and liability insurer under regulation 4 on or after 19th February 2011; and
- (c) who does not satisfy the qualifying conditions which the Minister or such person as he may appoint imposes for the purposes of regulation 7.

(3) Where the Comptroller is satisfied that any part of the insurance funds or shareholders' funds of an approved marine hull and liability insurer is not required to support its marine hull and liability business, he may adopt such reduced amount of the income, dividends, interest and gains or profits (as the case may be) under the definitions of "A" and "B" in paragraph (1)(b) as appears to him to be reasonable in the circumstances."

Amendment of regulation 6

9. Regulation 6 of the principal Regulations is amended —

- (a) by deleting the words "Subject to regulation 6A, the" in paragraph (1) and substituting the word "The";
- (b) by deleting the definitions of "P_o" and "P_i" in paragraph (1) and substituting the following definition:

"where P_o and P_i have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved insurer;" and

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- (c) by deleting the word “net” in the definition of “K” in paragraph (2).

Amendment of regulation 6A

10. Regulation 6A of the principal Regulations is amended —

- (a) by deleting the word “and” at the end of the definition of “C_o” in paragraph (1);
- (b) by deleting the definition of “P_o, P_i, I and X” in paragraph (1) and substituting the following definitions:

“P_o and P_i have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved takaful insurer; and

I and X have the same meanings as in regulation 6(1), with the references to the approved insurer therein modified to refer to the approved takaful insurer.”; and

- (c) by deleting the definition of “K” in paragraph (2) and substituting the following definition:

“K has the same meaning as in regulation 6(2), with the reference to the approved insurer therein modified to refer to the approved takaful insurer.”.

Amendment of regulation 7

11. Regulation 7(1) of the principal Regulations is amended —

- (a) by deleting the words “Notwithstanding regulations 5 and 5A, there shall be exempt from tax the following income derived by an approved marine hull and liability insurer” and substituting the words “Where an approved marine hull and liability insurer satisfies such qualifying conditions as the Minister or such person as he may appoint may impose for the purposes of this regulation, there shall be exempt from tax the following income derived by the approved marine hull and liability insurer”;
- (b) by deleting the word “accepting” in sub-paragraph (a) and substituting the words “carrying on”;

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- (c) by deleting the words “the amount of income as is ascertained by the formula” in sub-paragraph (b) and substituting the words “the amount of income derived from carrying on marine hull and liability business ascertained by the formula”;
- (d) by deleting the definitions of “P_m”, “P_n”, “P_o and P_i”, “A” and “B” in sub-paragraph (b) and substituting the following definition:
- “where P_m, P_n, P_o, P_i, A and B have the same meanings as in regulation 5B(1)(b).”;
and
- (e) by deleting the regulation heading and substituting the following regulation heading:
- “Income of approved marine hull and liability insurer exempt from tax”.**

Amendment of regulation 7A

12. Regulation 7A(1) of the principal Regulations is amended by deleting the words “regulation 6(1)” in the definition of “P_o” in sub-paragraph (b) and substituting the words “regulation 5B(1), with the references to the approved marine hull and liability insurer therein modified to refer to the approved captive insurer”.

Amendment of regulation 7B

13. Regulation 7B(1) of the principal Regulations is amended by deleting the words “regulation 6(1)” in the definition of “P_o” in sub-paragraph (b) and substituting the words “regulation 5B(1), with the references to the approved marine hull and liability insurer therein modified to refer to the approved specialised insurer”.

Amendment of regulation 8

- 14.** Regulation 8(2) of the principal Regulations is amended —
- (a) by deleting the definition of “P_m and P_n” and substituting the following definition:
- “P_m, P_n, P_o and P_i have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved insurer;”;

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- (b) by inserting, at the end of the definition of “P_c”, the word “and”;
 - (c) by deleting the word “; and” in the definition of “P_s” and substituting a full-stop; and
 - (d) by deleting the definition of “P_o and P_i”.

[G.N. Nos. S 658/2004; S 79/2009; S 746/2010; S 101/2011]

Made this 1st day of April 2013.

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

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