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**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX
FOR APPROVED QUALIFYING COMPANIES)
(AMENDMENT) REGULATIONS 2017**

In exercise of the powers conferred by section 43P(1) 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 Approved Qualifying Companies) (Amendment) Regulations 2017.

(2) Regulations 2, 3, 4, 5(b) and (c) and 6 are deemed to have come into operation on 25 March 2016.

(3) Regulation 5(a) is deemed to have come into operation on 21 May 2010.

Deletion and substitution of regulation 2 and new regulation 2A

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Qualifying Companies) Regulations 2013 (G.N. No. S 731/2013) (called in these Regulations the principal Regulations) is deleted and the following regulations substituted therefor:

“Definitions

2. In these Regulations, unless the context otherwise requires —

“approved qualifying company” means an approved qualifying company mentioned in section 43P of the Act;

“AT1 instrument” means a security (not being a stock or a share) commonly known as Additional Tier 1 capital instrument;

“collective investment scheme” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

“prescribed advisory services in relation to mergers and acquisitions” means advisory services provided by an approved qualifying company to its associated company in relation to any merger and acquisition that involves the associated company or another associated company of the approved qualifying company;

“prescribed qualifying structured commodity financing activities” means any of the activities specified in the Schedule;

“prescribed treasury activities” means —

(a) the provision of services in relation to the consolidation, management and distribution of funds by an approved qualifying company to any of its associated companies; and

(b) the following activities carried out by an approved qualifying company on its own account:

(i) transacting or investing in stocks and shares of any company;

(ii) transacting or investing in certificates of deposit, notes, bonds, treasury bills, commercial papers, AT1 instruments and collective investment schemes (excluding any collective investment scheme constituted as a unit trust) issued or operated by —

(A) the Government or any foreign government;

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- (B) a bank licensed under the Banking Act (Cap. 19);
 - (C) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - (D) a bank outside Singapore; or
 - (E) a company;
- (iii) investing in deposits held in Singapore with any financial institution in Singapore, or in deposits held outside Singapore with any financial institution outside Singapore;
 - (iv) foreign exchange transactions;
 - (v) re-invoicing activities for its associated companies;
 - (vi) providing credit facilities to its associated companies;
 - (vii) transactions involving derivatives (including transactions involving interest rate or currency swaps and transactions in financial futures contracts or options) entered into with —
 - (A) any bank outside Singapore;
 - (B) any bank licensed under the Banking Act or merchant bank approved under section 28 of the Monetary Authority of Singapore Act;
 - (C) its associated companies; or
 - (D) a member of any exchange;
 - (viii) transacting or investing in units in any unit trust, where the manager of the unit trust engages wholly in one or more of the

activities set out in sub-paragraph (i), (ii), (iii), (iv) or (vii);

“unit” and “unit trust” have the same meanings as in section 10B of the Act.

Association

2A.—(1) For the purposes of these Regulations, a company (*X*) is associated with an approved qualifying company (*Y*) if any of the requirements relating to the control of operations in paragraph (2), or to beneficial ownership of issued shares in paragraph (3), are satisfied.

(2) The requirements relating to the control of operations for the purpose of paragraph (1) are any of the following:

- (a) *X* controls or can control the operations of *Y*;
- (b) *Y* controls or can control the operations of *X*;
- (c) one other person, or 2 or more other persons together control or can control the operations of both *X* and *Y*.

(3) The requirements relating to beneficial ownership of issued shares for the purpose of paragraph (1) are any of the following:

- (a) *X* beneficially owns at least 25% of the total number of the issued shares of *Y*;
- (b) *Y* beneficially owns at least 25% of the total number of the issued shares of *X*.

(4) For the purposes of paragraphs (2) and (3), the control or beneficial ownership may be direct or indirect, or both direct and indirect.”.

Amendment of regulation 3

3. Regulation 3(1) of the principal Regulations is amended by inserting, immediately after the words “financing activities”, the words “, prescribed treasury activities, or prescribed advisory services in relation to mergers and acquisitions,”.

Deletion and substitution of regulation 4

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

“Concessionary rate of tax

4.—(1) For the purposes of section 43P(1)(b) of the Act and subject to paragraph (2), tax is payable at the rate of 10% for each year of assessment on the income of an approved qualifying company derived from the carrying on of such of the following activities or services as the Minister or the appointed person may specify:

- (a) prescribed qualifying structured commodity financing activities;
- (b) prescribed treasury activities;
- (c) prescribed advisory services in relation to mergers and acquisitions.

(2) Tax at the rate of 5% is payable for each year of assessment upon any income mentioned in paragraph (1) of an approved qualifying company which satisfies all conditions that are imposed by the Minister or the appointed person.”.

Amendment of Schedule

5. The Schedule to the principal Regulations is amended —

- (a) by deleting the word “forfeiting” in paragraph 1(c) and substituting the word “forfeiting”;
- (b) by inserting, immediately after sub-paragraph (h) of paragraph 1, the following sub-paragraph:

“(ha) streaming financing;”;

and
- (c) by deleting “(h)” in paragraphs 1(i) and (j), 2 and 3 and substituting in each case “(ha)”.

Transitional provision

6.—(1) Despite regulation 4, regulation 4 of the unamended Regulations continues to apply and have effect in relation to the income of an approved qualifying company that is derived —

- (a) on or after 25 March 2016 but before 21 February 2017; and
- (b) from the carrying on of any prescribed qualifying structured commodity financing activities (as defined in the unamended Regulations) as is specified by the Minister or the appointed person.

(2) In this regulation, “unamended Regulations” means the principal Regulations as in force immediately before 25 March 2016.

Made on 12 May 2017.

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