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First published in the *Government Gazette*, Electronic Edition, on 28th June 2012 at 5.00 pm.

**No. S 295**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX  
(EXEMPTION OF INCOME OF  
APPROVED PERSONS ARISING FROM FUNDS  
MANAGED BY FUND MANAGER IN SINGAPORE)  
(AMENDMENT) REGULATIONS 2012**

In exercise of the powers conferred by section 13X 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 (Exemption of Income of Approved Persons Arising from Funds Managed by Fund Manager in Singapore) (Amendment) Regulations 2012 and shall, with the exception of regulations 5(*d*) and 8(*a*), be deemed to have come into operation on 7th July 2010.

(2) Regulation 5(*d*) shall be deemed to have come into operation on 1st April 2010.

(3) Regulation 8(*a*) shall be deemed to have come into operation on 1st April 2009.

**Amendment of title**

**2.** The Income Tax (Exemption of Income of Approved Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 414/2010) (referred to in these Regulations as the principal Regulations) are amended by deleting the words “OF APPROVED PERSONS” in the title.

**Amendment of regulation 1**

**3.** Regulation 1 of the principal Regulations is amended by deleting the words “of Approved Persons”.

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**Amendment of regulation 2**

4. Regulation 2 of the principal Regulations is amended by inserting, immediately after the words “a private equity fund,” in the definition of “committed funds”, the words “a real estate fund or an infrastructure fund,”.

**Amendment of regulation 3**

5. Regulation 3 of the principal Regulations is amended —
- (a) by inserting, immediately after the words “exempt from tax” in paragraph (1), the words “, pursuant to section 13X(1)(a) of the Act,”;
  - (b) by inserting, immediately after the words “a private equity fund,” in paragraph (2)(b)(ii), the words “a real estate fund or an infrastructure fund,”;
  - (c) by deleting the words “of the” immediately before the word “trustee” in paragraph (2)(c);
  - (d) by deleting the words “13R or 13W” in paragraph (2)(c)(i) and substituting the words “13R, 13W or 13Y”; and
  - (e) by deleting the words “section 13X” in the regulation heading and substituting the words “section 13X(1)(a)”.

**New regulation 3A**

6. The principal Regulations are amended by inserting, immediately after regulation 3, the following regulation:

**“Exemption from tax under section 13X(1)(b) of Act**

**3A.**—(1) Subject to the conditions in paragraph (2) and regulations 4, 5 and 6, there shall be exempt from tax, pursuant to section 13X(1)(b) of the Act, for any year of assessment —

- (a) in the case of a company or trustee of a trust fund where the company or trust fund is the approved master fund or an approved feeder fund of an approved master-feeder fund structure, any specified income derived by the company or trustee arising from funds of the master fund or the feeder fund that are managed in Singapore by a fund manager in respect of designated investments; and

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- (b) in the case of a partner of a limited partnership where the partnership is the approved master fund or an approved feeder fund of an approved master-feeder fund structure, the share to which the partner of the partnership is entitled in any specified income derived by the partnership arising from funds of the master fund or the feeder fund that are managed in Singapore by a fund manager in respect of designated investments.
- (2) The conditions referred to in paragraph (1) are —
- (a) throughout the basis period for that year of assessment, the funds of the company, trust fund or limited partnership, as the case may be, are managed in Singapore by a fund manager;
- (b) at the time of the application for approval of the master-feeder fund structure —
- (i) where no feeder fund carries on any income-deriving activities at that time, the aggregate amount of —
- (A) the funds of the master fund and all feeder funds of that structure managed in Singapore by the fund manager in Singapore; or
- (B) if the master-feeder fund structure is a private equity fund, a real estate fund or an infrastructure fund, the committed funds of the master fund and all feeder funds of that structure managed in Singapore by the fund manager in Singapore,
- is at least \$50 million; or
- (ii) where any feeder fund carries on any income-deriving activities at that time, the aggregate amount of —
- (A) the funds of the master fund and all feeder funds of that structure managed in Singapore by the fund manager in Singapore; or

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(B) if the master-feeder fund structure is a private equity fund, a real estate fund or an infrastructure fund, the committed funds of the master fund and all feeder funds of that structure managed in Singapore by the fund manager in Singapore,

is at least an amount which is computed in accordance with the following formula:

$$A \times B,$$

where A is the aggregate number of the master fund and feeder funds in that structure which are carrying on income-deriving activities at that time; and

B is \$50 million;

- (c) for that year of assessment, no part of the income of the approved master fund or any approved feeder fund of the approved master-feeder fund structure (other than any income derived before the approved master-feeder fund structure was approved as such) —
- (i) is exempt from tax under section 13C, 13CA, 13G, 13H, 13O, 13P, 13Q, 13R, 13W or 13Y of the Act;
  - (ii) is subject to a concessionary rate of tax under section 43E, 43G or 43Q of the Act; or
  - (iii) is entitled to any tax relief or concessionary rate of tax under Part III or IIIB of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86);
- (d) the investment strategy remains unchanged from the date the master-feeder fund structure is approved as an approved master-feeder fund structure; and
- (e) conditions specified in the letter of approval issued by the Monetary Authority of Singapore approving the master-feeder fund structure under section 13X of the Act.”.

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**Deletion and substitution of regulations 4 and 5**

7. Regulations 4 and 5 of the principal Regulations are deleted and the following regulations substituted therefor:

**“No deduction in respect of loss arising from designated investments**

4. Notwithstanding anything in these Regulations, no deduction shall be allowed under the Act to an approved person, or a company, trustee or partner referred to in section 13X(1)(b) of the Act, as the case may be, in respect of any loss arising from —

- (a) the sale, maturity, redemption or transfer of both legal and beneficial ownership (other than sale or by way of a securities lending and repurchase arrangement) of any designated investments if any gains or profits realised from such sale, maturity, redemption or transfer would have been exempt from tax under regulation 3 or 3A, as the case may be; and
- (b) any transactions other than those falling under paragraph (a) in respect of any designated investments if any gains or profits from such transactions would have been exempt from tax under regulation 3 or 3A, as the case may be.

**Determination of income exempted from tax**

5. In determining the income of an approved person, or a company, trustee or partner referred to in section 13X(1)(b) of the Act, that is to be exempt from tax under regulation 3 or 3A, the following shall apply:

- (a) there shall be deducted from that income any expenses and donations allowable under the Act which are attributable to that income; and the following shall be disregarded:
  - (i) any balance of the expenses; or
  - (ii) in the case of —
    - (A) an approved person that is a partner of an approved limited partnership; or
    - (B) a partner of a limited partnership referred to in section 13X(1)(b) of the Act,

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- any excess of his share of the expenses over his share of the specified income of the partnership;
- (b) there shall be deducted from that income any allowances under section 19, 19A, 20, 21 or 22 of the Act attributable to that income notwithstanding that no claim for those allowances has been made; and the following shall be disregarded:
- (i) any balance of the allowances; or
  - (ii) in the case of —
    - (A) an approved person that is a partner of an approved limited partnership; or
    - (B) a partner of a limited partnership referred to in section 13X(1)(b) of the Act,
 any excess of his share of the allowances over his share of the specified income of the partnership.”.

### **Amendment of regulation 6**

**8.** Regulation 6 of the principal Regulations is amended —

- (a) by deleting sub-paragraphs (a) and (b) of paragraph (1) and substituting the following sub-paragraphs:
- “(a) where the partner or former partner is a company, an amount equal to the aggregate of the relevant amount for every year of assessment relating to a basis period any time during which any such condition is not complied with; and
  - (b) where the partner or former partner is an individual, an amount equal to the aggregate of the full amount of the partner or former partner’s share of the specified income of the approved limited partnership that is exempt from tax under regulation 3 for every year of assessment relating to a basis period any time during which any such condition is not complied with.”; and
- (b) by inserting, immediately after paragraph (3), the following paragraph:
- “(4) This regulation shall apply in relation to a limited partnership that is the approved master fund or approved feeder fund of an approved master-feeder fund structure, as it applies in relation to an approved limited partnership.”.

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**Amendment of regulation 7**

9. Regulation 7 of the principal Regulations is amended —
- (a) by deleting the words “in question” in paragraph (2); and
  - (b) by inserting, immediately after paragraph (2), the following paragraphs:

“(3) A company or the trustee of a trust fund, where the company or trust fund is the approved master fund of an approved master-feeder fund structure, shall, within 4 months after the end of the basis period of the company or the trustee of the trust fund (in relation to his income as such trustee) or within such time as the Comptroller or the Monetary Authority of Singapore may specify, submit a declaration to the Comptroller and the Monetary Authority of Singapore, in such form as the Comptroller or the Monetary Authority of Singapore may specify, that the following conditions have been met for the basis period:

- (a) the conditions subject to which the master-feeder fund structure had been approved for the purposes of section 13X of the Act; and
- (b) the conditions specified in regulation 3A(2)(a), (c), (d) and (e).

(4) The general partner or, if he is not personally present in Singapore, the attorney, agent, manager or factor of a limited partnership that is the approved master fund of an approved master-feeder fund structure, shall, within 4 months after the end of the last day of the period to which the account of the limited partnership is made up, or within such time as the Comptroller or the Monetary Authority of Singapore may specify, submit a declaration to the Comptroller and the Monetary Authority of Singapore, in such form as the Comptroller or the Monetary Authority of Singapore may specify, that the following conditions have been met for the basis period:

- (a) the conditions subject to which the master-feeder fund structure had been approved for the purposes of section 13X of the Act; and
- (b) the conditions specified in regulation 3A(2)(a), (c), (d) and (e).”.

Made this 22nd day of June 2012.

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

[(MF) R32.19.4V.38; AG/LLRD/SL/134/2010/24 Vol. 1]