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No. S 306

INCOME TAX ACT 1947

INCOME TAX (EXEMPTION OF FOREIGN INCOME OF APPROVED INTERNATIONAL SHIPPING ENTERPRISES) (AMENDMENT) ORDER 2022

In exercise of the powers conferred by section 13(12) of the Income Tax Act 1947, the Minister for Finance makes the following Order:

Citation and commencement

1.—(1) This Order is the Income Tax (Exemption of Foreign Income of Approved International Shipping Enterprises) (Amendment) Order 2022.

(2) Paragraph 3(1)(c), (e) and (h) is deemed to have come into operation on 12 December 2018.

(3) Paragraph 3(1)(f) is deemed to have come into operation on 19 February 2020.

(4) Paragraphs 2 and 3(1)(a), (b), (d) and (g), (2), (3) and (4) are deemed to have come into operation on 31 December 2021.

Amendment of paragraph 2

2. Paragraph 2(2) of the Income Tax (Exemption of Foreign Income of Approved International Shipping Enterprises) Order 2018 (G.N. No. S 128/2018) (called in this Order the principal Order) is amended by deleting the words “section 13F” in the definition of “AISE” or “approved international shipping enterprise” and substituting the words “section 13E”.

Amendment of paragraph 3

3.—(1) Paragraph 3 of the principal Order is amended —

(a) by deleting “(Cap. 179)” in sub-paragraph (1)(m)(i) and substituting “1995”;

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- (b) by inserting, immediately after the words “the Merchant Shipping Act” in sub-paragraphs (1)(m)(ii) and (iii)(A) and (B) and (o)(iii)(C) and (D) and (3), “1995”;
- (c) by inserting, immediately after sub-paragraph (1), the following sub-paragraph:

“(1A) In paragraph 2, the shipping income of an approved branch of the AISE, its related AISE, an approved branch of the related AISE, the 1st ARE, an approved branch of the 1st ARE, the 2nd ARE, or an approved branch of the 2nd ARE, is income derived on or after the date of approval of that entity or branch (as the case may be), or from 12 December 2018 (whichever is later), from any of the following activities:

- (a) the finance leasing of any foreign ship to any person where the ship is used by the person for the carriage of passengers, mail, livestock or goods outside the limits of the port of Singapore;
- (b) the finance leasing of any foreign dredger, foreign seismic ship, or any foreign ship used for offshore oil or gas activity to any person where the dredger, seismic ship or ship is used by the person for the person’s operation outside the limits of the port of Singapore;
- (c) the finance leasing of any foreign ship to any person where the ship is used by the person for towage and salvage operations carried out outside the limits of the port of Singapore;
- (d) the finance leasing of any Singapore ship for use outside the limits of the port of Singapore;

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- (e) the finance leasing of any foreign ship for offshore renewable energy activity or offshore mineral activity to any person, where the ship is used by the person for the person's operation outside the limits of the port of Singapore;
 - (f) foreign exchange and risk management activities carried out in connection with and incidental to any of the activities in sub-paragraphs (a) to (e).”;
- (d) by deleting the words “section 43ZA(7)” in the definition of “container” in sub-paragraph (2) and substituting the words “section 43P(7)”;
- (e) by deleting the words “(in relation to a container in sub-paragraph (1)(r))” in the definitions of “demobilisation”, “finance leasing” (in relation to a container in sub-paragraph (1)(r)), “holding”, “mobilisation” and “ship” in sub-paragraph (2);
- (f) by deleting the definitions of “foreign ship” and “prescribed purpose” and “Singapore ship” in sub-paragraph (2) and substituting the following definitions:
- ““foreign ship” means a sea-going ship other than a Singapore ship;
 - “prescribed purpose” has the meaning given by section 13F(6) of the Act;
 - “Singapore ship” means a ship in respect of which a permanent certificate of registry has been issued under the Merchant Shipping Act and whose registry is not closed or deemed to be closed or suspended; and —
- (a) in respect of shipping income derived before 19 February 2020 — includes a ship that is provisionally registered under that Act if a permanent

certificate of registry is subsequently issued under that Act in respect of it; and

(b) in respect of shipping income derived on or after 19 February 2020 — includes a ship that is provisionally registered under that Act;”;

(g) by deleting the words “section 13F(6)” in paragraph (b) of the definition of “special purpose company” in paragraph (2) and substituting the words “section 13E(6)”; and

(h) by deleting sub-paragraph (4) and substituting the following sub-paragraphs:

“(4) The activities mentioned in sub-paragraph (1)(m), (n) and (o) —

(a) in relation to shipping income derived before 12 December 2018 — exclude both of the following:

(i) a finance lease that is treated as a sale under section 10D of the Act;

(ii) a sale made in the course of carrying on a business of trading in ships or constructing ships for sale; and

(b) in relation to shipping income derived on or after 12 December 2018 — exclude a sale made in the course of carrying on a business of trading in ships or constructing ships for sale.

(5) Shipping income derived from any of the activities mentioned in sub-paragraph (1A)(a), (b), (c), (d) and (e) excludes any income derived from carrying on a business of trading in ships or of constructing ships for sale.”.

(2) The definition of “prescribed purpose” in paragraph 3(2) of the principal Order, as amended by sub-paragraph (1)(f), is amended by deleting the words “section 13F(6)” and substituting the words “section 13E(6)”.

(3) The definition of “Singapore ship” in paragraph 3(2) of the principal Order, as amended by sub-paragraph (1)(f), is amended by inserting, immediately after the words “Merchant Shipping Act”, “1995”.

(4) Paragraph 3(4) of the principal Order, as amended by sub-paragraph (1)(h), is amended by deleting the words “section 10D” in sub-paragraph (a)(i) and substituting the words “section 10C”.

Made on 7 April 2022.

LAI WEI LIN
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Ministry of Finance,
Singapore.*

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