
First published in the Government *Gazette*, Electronic Edition, on 15 August 2017 at 5 pm.

No. S 457

INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(TAX INCENTIVES FOR PARTNERSHIPS)
(AMENDMENT) REGULATIONS 2017

In exercise of the powers conferred by section 36(1A) of the Income Tax Act, the Minister for Finance makes the following Regulations:

Citation and commencement

1.—(1) These Regulations are the Income Tax (Tax Incentives for Partnerships) (Amendment) Regulations 2017.

(2) Regulation 2(a), (d), (e), (f), (i), (j) and (m) is deemed to have come into operation on 1 June 2011.

(3) Regulation 2(c) is deemed to have come into operation on 1 January 2014.

(4) Regulation 3(1)(c) is deemed to have come into operation on 24 February 2015.

(5) Regulation 2(b), (g), (k) and (l) is deemed to have come into operation on 25 March 2016.

(6) Regulation 2(h) and (n) is deemed to have come into operation on 11 April 2016.

Amendment of regulation 6

2. Regulation 6 of the Income Tax (Tax Incentives for Partnerships) Regulations 2012 (G.N. No. S 685/2012) is amended —

(a) by deleting paragraph (1) and substituting the following paragraph:

“(1) Section 13S applies to the share of divisible income of a partner of an approved partnership derived —

(a) on or after 1 April 2008 from the qualifying activities mentioned in paragraphs (a), (b) and (c) of the definition of “qualifying activities” in paragraph (6); and

(b) on or after 1 June 2011 from the qualifying activities mentioned in paragraphs (d), (e) and (f) of the definition of “qualifying activities” in paragraph (6),

as it applies to the income of an approved shipping investment enterprise from the activities mentioned in section 13S(1)(a), (b), (c) and (d), with the modifications and exceptions set out in this regulation.”;

(b) by deleting paragraph (1) and substituting the following paragraph:

“(1) Section 13S applies to the share of divisible income of a partner of an approved partnership derived —

(a) during the period between 1 April 2008 and 24 March 2016 (both dates inclusive) from the qualifying activities mentioned in paragraphs (a), (b) and (c) of the definition of “qualifying activities” in paragraph (6);

(b) on or after 1 June 2011 from the qualifying activities mentioned in paragraphs (d), (e) and (f) of the definition of “qualifying activities” in paragraph (6); and

(c) on or after 25 March 2016 from the qualifying activities mentioned in paragraphs (g) and (h) of the definition of “qualifying activities” in paragraph (6),

as it applies to the income of an approved shipping investment enterprise from the activities mentioned in section 13S(1)(a), (b), (c), (ca), (cb) and (d), with the modifications and exceptions set out in this regulation.”;

(c) by deleting “, (9)” in paragraph (2)(c);

(d) by deleting sub-paragraph (f) of paragraph (2) and substituting the following sub-paragraph:

“(f) paragraphs (3), (3A), (4), (5) and (5B) apply in lieu of section 13S(1A), (1AA), (5), (6) and (6A), and section 13S(1B) is to be construed accordingly.”;

(e) by inserting, immediately after paragraph (3), the following paragraph:

“(3A) Section 13S(1)(d) does not apply to —

(a) any income of an approved partnership as a lessor of a sea-going ship under a finance lease that is treated as a sale under section 10D; or

(b) any income of an approved partnership from carrying on a business of trading in sea-going ships or of constructing sea-going ships for sale.”;

(f) by inserting, immediately after paragraph (5), the following paragraphs:

“(5A) Paragraphs (3) and (5) apply only in respect of income from the qualifying activities in paragraphs (a), (b) and (c) of the definition of “qualifying activities” in paragraph (6).

(5B) Where an approved partnership incurs a loss on any sale or assignment mentioned in paragraph (d), (e) or (f) of the definition of “qualifying activities” in paragraph (6) in any basis period falling, in whole or in part, within the tax exempt period, that loss may only be deducted against the gains derived from another sale or assignment mentioned in paragraph (d), (e) or (f), as the case may be, in that basis period, and the balance of the loss is not available as a deduction against any other income.”;

(g) by deleting paragraph (5A) and substituting the following paragraph:

“(5A) Paragraphs (3) and (5) apply only in respect of income from the qualifying activities in paragraphs (a), (b), (c), (g) and (h) of the definition of “qualifying activities” in paragraph (6).”;

(h) by deleting the definitions of “approved international shipping enterprise”, “finance leasing”, “international shipping enterprise”, “sea-going ship”, “shipping investment enterprise”, “Singapore ship” and “tax exempt period” in paragraph (6) and substituting the following definitions:

““approved international shipping enterprise”, “finance leasing”, “international shipping enterprise”, “shipping investment enterprise”, “Singapore ship” and “tax exempt period” have the same meanings as in section 13S, as modified (where applicable) by paragraph (2).”;

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- (i) by deleting the word “and” at the end of paragraph (b) of the definition of “qualifying activities” in paragraph (6);
 - (j) by deleting the full-stop at the end of paragraph (c) of the definition of “qualifying activities” in paragraph (6) and substituting a semi-colon, and by inserting immediately thereafter the following paragraphs:
 - “(d) the sale of a sea-going ship;
 - (e) the assignment to another of all the rights of the approved partnership as the buyer under a contract for the construction of a sea-going ship; and
 - (f) the sale of all of the issued ordinary shares in a special purpose company of the approved partnership where, at the time of the sale of the shares, the special purpose company owns any sea-going ship or is the buyer under a contract for the construction of any sea-going ship;”;
 - (k) by deleting the word “and” at the end of paragraph (e) of the definition of “qualifying activities” in paragraph (6);
 - (l) by inserting, immediately after paragraph (f) of the definition of “qualifying activities” in paragraph (6), the following paragraphs:
 - “(g) the chartering or finance leasing of any sea-going ship acquired by the approved partnership before or during the period of its approval mentioned in section 13S(3), for use outside the limits of the port of Singapore; and
 - (h) foreign exchange and risk management activities that are carried out in connection with and incidental to any activity mentioned in paragraph (g);”;

(m) by inserting, immediately after the definition of “qualifying activities” in paragraph (6), the following definition:

““special purpose company”, in relation to an approved partnership, means a company that is wholly owned by the partnership and whose only business or intended business is the chartering or finance leasing of sea-going ships.”; and

(n) by inserting, immediately after the definition of “qualifying activities” in paragraph (6), the following definition:

““ship” has the same meaning as in section 13S;”.

Amendment of regulation 9

3.—(1) Regulation 9 of the Income Tax (Tax Incentives for Partnerships) Regulations 2012 is amended —

(a) by deleting the words “section 43ZA(1)(a) and (b)” in paragraph (1) and substituting the words “section 43ZA(1)(a), (b), (c) and (d)”;

(b) by inserting, immediately after the words “a container” wherever they appear in paragraphs (2)(c) and (3), the words “or an intermodal equipment”;

(c) by inserting, immediately after the words “and 23” in paragraph (4)(a) and (b), the words “(other than allowances made to the lessee under regulations made under section 10D)”;

(d) by inserting, immediately after the definitions of “container”, “container investment enterprise” and “finance leasing” in paragraph (5), the following definition:

““intermodal equipment” has the same meaning as in section 43ZA;”;

(e) by deleting the word “and” at the end of paragraph (a) of the definition of “qualifying activities” in paragraph (5); and

(f) by deleting the full-stop at the end of paragraph (b) of the definition of “qualifying activities” in paragraph (5) and substituting a semi-colon, and by inserting immediately thereafter the following paragraphs:

“(c) for the year of assessment 2013 and subsequent years of assessment, the leasing of any intermodal equipment owned by the approved partnership acquired before or during the period of approval of the partnership mentioned in section 43ZA(4), that is incidental to the leasing mentioned in paragraph (a); and

(d) for the year of assessment 2013 and subsequent years of assessment, foreign exchange and risk management activities that are carried out in connection with and incidental to the leasing mentioned in paragraph (c).”.

(2) Paragraph (1) (except sub-paragraph (c)) has effect for the year of assessment 2013 and subsequent years of assessment.

Made on 21 July 2017.

TAN CHING YEE
*Permanent Secretary,
Ministry of Finance,
Singapore.*

[R32.018.2974.V19; AG/LEGIS/SL/134/2015/38 Vol. 1]