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**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX
(CONCESSIONARY RATE OF TAX FOR
APPROVED FINANCE AND TREASURY CENTRE)
(AMENDMENT) REGULATIONS 2021**

In exercise of the powers conferred by section 43G(1) of the Income Tax Act, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) (Amendment) Regulations 2021 and come into operation on 1 July 2021.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations (Rg 18) is amended —

(a) by deleting paragraph (c) of the definition of “qualifying activities” and substituting the following paragraph:

“(c) transacting or investing in certificates of deposit, notes and bonds issued by —

- (i) a bank that holds a licence under section 7 or 79 of the Banking Act (Cap. 19); or
- (ii) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant

bank licence, under the Banking Act;”;

(b) by deleting paragraphs (e) and (f) of the definition of “qualifying activities” and substituting the following paragraphs:

“(e) investing in deposits held in Singapore with —

(i) a bank that holds a licence under section 7 or 79 of the Banking Act; or

(ii) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;

(ea) investing in foreign currency deposits held outside Singapore with a financial institution outside Singapore;

(f) foreign exchange transactions with —

(i) a bank outside Singapore;

(ii) a person who is not resident in Singapore and who does not have a permanent establishment in Singapore;

(iii) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the transactions are not entered into through that operation;

(iv) a bank that holds a licence under section 7 or 79 of the Banking Act; or

(v) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant

bank licence, under the Banking Act;”;

- (c) by deleting sub-paragraph (ii) of paragraph (g) of the definition of “qualifying activities” and substituting the following sub-paragraph:

“(ii) with banks that hold a licence under section 7 or 79 of the Banking Act, or merchant banks approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186) before that date;”;

- (d) by deleting sub-paragraphs (i) and (ii) of paragraph (k) of the definition of “qualifying activities” and substituting the following sub-paragraphs:

“(i) for or with a bank outside Singapore;

(ii) for or with a person who is not resident in Singapore and who does not have a permanent establishment in Singapore;

(iia) for or with a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the transactions are not entered into through that operation;

(iib) with a bank that holds a licence under section 7 or 79 of the Banking Act;

(iic) with a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;”;

(e) by deleting paragraph (c) of the definition of “qualifying services” and substituting the following paragraph:

“(c) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where —

(i) in the case of a guarantee, performance bond or standby letter of credit, the party in whose favour the facility is issued is —

(A) a bank that holds a licence under section 7 or 79 of the Banking Act;

(B) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;

(C) a person who is not resident in Singapore and who does not have a permanent establishment in Singapore;

(D) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the services are not provided to that person through that operation;

(E) a person who is resident in Singapore and who carries on an operation through a permanent establishment outside Singapore, where the services are provided to that

person through that operation;
or

(ii) in the case of services relating to remittances, the person to whom the remittances are made is —

(A) a bank that holds a licence under section 7 or 79 of the Banking Act;

(B) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;

(C) a person who is not resident in Singapore and who does not have a permanent establishment in Singapore;

(D) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the services are not provided to that person through that operation;”;

(f) by deleting the words “licensed under” in paragraph (d)(i) of the definition of “qualifying services” and substituting the words “that holds a licence under section 7 or 79 of”;

(g) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in paragraph (d)(ii) of the definition of “qualifying services”, the words “before that date”; and

(h) by deleting sub-paragraphs (i), (ii) and (iii) of paragraph (j) of the definition of “qualifying services” and substituting the following sub-paragraphs:

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- “(i) a bank that holds a licence under section 7 or 79 of the Banking Act;
 - (ii) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;
 - (iii) a person who is not resident in Singapore and who does not have a permanent establishment in Singapore;
 - (iiia) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the services are not provided to that person through that operation; or”.

*[G.N. Nos. S 483/99; S 492/2003; S 17/2006; S 94/2006;
S 159/2007; S 437/2007; S 82/2014; S 87/2017]*

Made on 15 June 2021.

TAN CHING YEE
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