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**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX
(CONCESSIONARY RATE OF TAX FOR
FINANCIAL SECTOR INCENTIVE COMPANIES)
(AMENDMENT) REGULATIONS 2021**

In exercise of the powers conferred by section 43Q 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 Financial Sector Incentive Companies) (Amendment) Regulations 2021 and come into operation on 1 July 2021.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2005 (G.N. No. S 735/2005) (called in these Regulations the principal Regulations) is amended —

(a) by deleting the definition of “futures member of the Singapore Exchange” and substituting the following definition:

““futures member of the Singapore Exchange” means any company that holds membership of any class or description of a futures market, or of a clearing house for the futures market, maintained by the Singapore Exchange Limited or any of its subsidiaries;”;

(b) by deleting the words “licensed under the Banking Act (Cap. 19)” in paragraph (a) of the definition of “offshore guarantee facility” and substituting the words “that holds a

licence under section 7 or 79 of the Banking Act (Cap. 19),”;

- (c) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in paragraph (a) of the definition of “offshore guarantee facility”, the words “on or before 30 June 2021”;
- (d) by deleting the words “licensed under” in paragraph (a)(A)(AA) of the definition of “specified person” and substituting the words “that holds a licence under section 7 or 79 of”;
- (e) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in paragraph (a)(A)(AB) of the definition of “specified person”, the words “on or before 30 June 2021”.

Amendment of regulation 2A

3. Regulation 2A of the principal Regulations is amended by deleting the word “finance” and substituting the word “financial”.

Amendment of regulation 3

4. Regulation 3(6) of the principal Regulations is amended by deleting the word “headquarters” in sub-paragraph (e)(iv) and substituting the word “headquarter”.

Amendment of regulation 4

5. Regulation 4(1) of the principal Regulations is amended —

- (a) by deleting the words “licensed under the Banking Act (Cap. 19)” in sub-paragraph (a) and substituting the words “that holds a licence under section 7 or 79 of the Banking Act,”; and
- (b) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in sub-paragraph (a), the words “on or before 31 December 2010”.

Amendment of regulation 4A**6. Regulation 4A of the principal Regulations is amended —**

(a) by deleting the words “on or after 1 January 2014” in paragraph (1B) and substituting the words “during the period between 1 January 2014 and 30 June 2021 (both dates inclusive)”;

(b) by inserting, immediately after paragraph (1B), the following paragraph:

“(1C) Subject to this regulation, tax is payable at the rate of 12% on the income of a financial sector incentive (standard tier) company derived on or after 1 July 2021, being —

(a) income from any of the activities specified in the Sixth Schedule; and

(b) interest from any deposit held by the company as a corporate futures member as a margin for any transaction in relation to any activity mentioned in paragraph 1(e), (g) or (h) of the Sixth Schedule.”; and

(c) by deleting the words “or (1B)” in paragraphs (2) and (3) and substituting in each case the words “, (1B) or (1C)”.

Amendment of regulation 4B**7. Regulation 4B of the principal Regulations is amended —**

(a) by deleting the words “on or after 1 April 2016” in paragraph (1) and substituting the words “during the period between 1 April 2016 and 30 June 2021 (both dates inclusive)”;

(b) by deleting the words “on or after 1 April 2016” in the regulation heading and substituting the words “between 1 April 2016 and 30 June 2021”.

Amendment of regulation 5**8. Regulation 5 of the principal Regulations is amended —**

- (a) by deleting the words “on or after 31st December 2010” in paragraph (1) and substituting the words “during the period between 31 December 2010 and 30 June 2021 (both dates inclusive)”;
- (b) by deleting the words “licensed under” in paragraph (1)(l)(i)(A) and (ii)(A) and (m)(i) and substituting in each case the words “that holds a licence under section 7 or 79 of”;
- (c) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in paragraph (1)(l)(i)(A), the words “on or before 30 June 2021”;
- (d) by inserting, immediately after the words “Monetary Authority of Singapore Act” in paragraph (1)(l)(ii)(A) and (m)(i), the words “on or before 30 June 2021”;
- (e) by inserting, immediately after paragraph (1A), the following paragraph:
 - “(1B) Tax is payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived on or after 1 July 2021 from the provision of any of the following services, to any approved office of the financial sector incentive (headquarter services) company or any approved person:
 - (a) general management, risk management and administration;
 - (b) strategic business planning and strategic business development;
 - (c) operational processing services;
 - (d) information technology support and technical services;

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- (e) training and personnel management;
 - (f) corporate finance advisory services;
 - (g) economic, financial, investment or market research and analysis;
 - (h) credit control and administration;
 - (i) arranging credit facilities for the approved office where the funds for providing the facilities are obtained from —
 - (i) financial institutions in Singapore; or
 - (ii) the accumulated profits of other approved offices;
 - (j) 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; or
 - (ii) in the case of services relating to remittances, the person to whom the remittances are made,is a financial institution;
 - (k) arranging interest rate or currency swaps with a financial institution;
 - (l) managing the funds of the approved office.”; and
- (f) by deleting the definition of “prescribed processing services” in paragraph (2) and substituting the following definition:

“ “prescribed processing services” —

- (a) in relation to income derived during the period between 22 January 2009 and

30 June 2021 (both dates inclusive), means any of the services specified in the Third Schedule provided in Singapore by the financial sector incentive (headquarter services) company; or

- (b) in relation to income derived on or after 1 July 2021, means any of the services specified in the Third Schedule provided in Singapore by the financial sector incentive (headquarter services) company, except that paragraph 7(c) of that Schedule is replaced as follows:

“(c) information technology services;”.’.

Amendment of regulation 6

9. Regulation 6 of the principal Regulations is amended —

- (a) by deleting sub-paragraphs (a) and (c) of paragraph (1);
- (b) by deleting the words “on or after 1st September 2007” in paragraph (4) and substituting the words “during the period between 1 September 2007 and 30 June 2021 (both dates inclusive)”;
- (c) by deleting the words “on or after 1st April 2009” in paragraph (4A) and substituting the words “during the period between 1 April 2009 and 30 June 2021 (both dates inclusive)”;
- (d) by deleting the words “on or after 7 July 2010” in paragraph (4B) and substituting the words “during the period between 7 July 2010 and 30 June 2021 (both dates inclusive)”;
- (e) by deleting the words “on or after 1 April 2015” in paragraph (4C) and substituting the words “during the period between 1 April 2015 and 30 June 2021 (both dates inclusive)”;

(f) by inserting, immediately after paragraph (4C), the following paragraph:

“(4D) Tax is payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 1 July 2021 from the following activities:

(a) managing the funds of the following persons:

- (i) a prescribed person;
- (ii) an approved company;
- (iii) an approved person;
- (iv) the approved master fund or an approved feeder fund of an approved master-feeder fund structure;
- (v) the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure;
- (vi) the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure;

(b) providing investment advisory services (including through another fund manager) to the following persons:

- (i) a prescribed person;
- (ii) an approved company;
- (iii) an approved person;
- (iv) the approved master fund or an approved feeder fund of an

approved master-feeder fund structure;

(v) the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure;

(vi) the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure.”.

Amendment of regulation 7

10. Regulation 7(1) of the principal Regulations is amended by deleting the words “or 6(1)(a) or (c)” wherever they appear.

Amendment of regulation 8

11. Regulation 8 of the principal Regulations is amended —

- (a) by deleting the words “on or after 1st January 2004” in paragraph (1)(a)(i) and substituting the words “during the period between 1 January 2004 and 31 December 2018 (both dates inclusive)”;
- (b) by deleting the words “on or after 16th February 2008” in paragraph (1)(a)(ii) and substituting the words “during the period between 16 February 2008 and 31 December 2018 (both dates inclusive)”;
- (c) by deleting the words “on or after 1st January 2004” wherever they appear in paragraph (1)(b) and substituting in each case the words “during the period between 1 January 2004 and 30 June 2021 (both dates inclusive)”;
- (d) by deleting the words “on or after 1st January 2004, by a financial sector incentive (credit facilities syndication) company which is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of

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- the Monetary Authority of Singapore Act (Cap. 186)” in paragraph (1)(c) and substituting the words “during the period between 1 January 2004 and 30 June 2021 (both dates inclusive), by a financial sector incentive (credit facilities syndication) company, which is a bank that holds a licence under section 7 or 79 of the Banking Act, or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act on or before 30 June 2021,”;
- (e) by deleting the words “on or after 1st January 2004” in paragraph (1)(c)(i) and substituting the words “during the period between 1 January 2004 and 30 June 2021 (both dates inclusive)”;
 - (f) by deleting sub-paragraphs (d), (f), (g), (h), (i), (ia), (j), (k), (l), (m) and (n) of paragraph (1);
 - (g) by deleting the words “on or after 1 January 2014” in paragraph (1)(da) and substituting the words “during the period between 1 January 2014 and 30 June 2021 (both dates inclusive)”;
 - (h) by deleting the words “on or after 1st January 2004” in paragraph (1)(e) and substituting the words “during the period between 1 January 2004 and 31 December 2018 (both dates inclusive)”;
 - (i) by deleting the words “on or after 1 January 2014, by a financial sector incentive (Islamic finance) company, which is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186)” in paragraph (1)(ha) and substituting the words “during the period between 1 January 2014 and 31 March 2018 (both dates inclusive), by a financial sector incentive (Islamic finance) company, which is a bank that holds a licence under section 7 or 79 of the Banking Act, or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act on or before 31 March 2018”;
 - (j) by deleting the words “on or after 1 January 2014” in paragraph (1)(ib) and substituting the words “during the

period between 1 January 2014 and 31 March 2018 (both dates inclusive)”;

- (*k*) by deleting the words “on or after 1st May 2009” in paragraph (1)(*o*) and substituting the words “during the period between 1 May 2009 and 30 June 2021 (both dates inclusive)”;
- (*l*) by deleting the words “on or after 1 January 2014” in paragraph (1)(*p*) and substituting the words “during the period between 1 January 2014 and 30 June 2021 (both dates inclusive)”;
- (*m*) by deleting the words “on or after 1 January 2014” in paragraph (1)(*q*) and substituting the words “during the period between 1 January 2014 and 30 June 2021 (both dates inclusive)”;
- (*n*) by deleting “, (*g*)” in paragraph (3);
- (*o*) by deleting the words “, (*k*)(v), (*l*)(v) and (*m*)(ii)” in paragraph (5);
- (*p*) by deleting the words “, (*g*)(iii) and (vii)” in paragraph (6); and
- (*q*) by deleting the words “a bank licensed under the Banking Act, a merchant bank approved under section 28 of the Monetary Authority of Singapore Act” in paragraph (8), and substituting the words “a bank that holds a licence under section 7 or 79 of the Banking Act, a merchant bank approved under section 28 of the Monetary Authority of Singapore Act on or before 30 June 2021”.

Amendment of regulation 9

12. Regulation 9 of the principal Regulations is amended by inserting, immediately after “4A,”, “4B,”.

Amendment of regulation 11

13. Regulation 11 of the principal Regulations is amended —

- (a) by deleting the words “A financial sector incentive company” and substituting the words “For income derived before 1 July 2021, a financial sector incentive company”; and
- (b) by renumbering the regulation as paragraph (1) of that regulation and by inserting immediately thereafter the following paragraph:

“(2) For income derived on or after 1 July 2021, a financial sector incentive company must keep and maintain such records, as may be required by the Minister or approving authority for the purposes of these Regulations, of the particulars of every settlor and every beneficiary or unit holder (as the case may be) of every trust in respect of which the company provides its services.”.

Amendment of Fourth Schedule

14. The Fourth Schedule to the principal Regulations is amended —

- (a) by deleting the words “licensed under the Banking Act (Cap. 19)” in sub-paragraph (a) of Part 1 and paragraph 1(a) of Part 2 and substituting in each case the words “that holds a licence under section 7 or 79 of the Banking Act,”; and
- (b) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in sub-paragraph (a) of Part 1 and paragraph 1(a) of Part 2, the words “on or before 31 December 2013”.

Amendment of Fifth Schedule

15. The Fifth Schedule to the principal Regulations is amended —

- (a) by deleting the words “ON OR AFTER 1 JANUARY 2014” in the Schedule heading and substituting the words

“BETWEEN 1 JANUARY 2014 AND 30 JUNE 2021 (BOTH DATES INCLUSIVE)”;

- (b) by deleting the words “on or after 1 January 2014” in paragraph 1 and substituting the words “during the period between 1 January 2014 and 30 June 2021 (both dates inclusive)”;
- (c) by deleting the words “licensed under the Banking Act (Cap. 19)” in paragraph 1(a) and substituting the words “that holds a licence under section 7 or 79 of the Banking Act,”; and
- (d) by inserting, immediately after the words “Monetary Authority of Singapore Act (Cap. 186)” in paragraph 1(a), the words “on or before 30 June 2021”.

New Sixth Schedule

16. The principal Regulations are amended by inserting, immediately after the Fifth Schedule, the following Schedule:

“SIXTH SCHEDULE

Regulation 4A(1C)

ACTIVITIES OF FINANCIAL SECTOR INCENTIVE (STANDARD TIER) COMPANIES THE INCOME FROM WHICH, IF DERIVED ON OR AFTER 1 JULY 2021, QUALIFIES FOR 12% TAX RATE

1. The income of a financial sector incentive (standard tier) company derived on or after 1 July 2021, that qualifies for the rate of tax of 12%, is that derived from any of the following activities:

- (a) in a case where the company is a bank that holds a licence under section 7 or 79 of the Banking Act, or a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act —
 - (i) transacting in loans (other than by way of bonds or debentures) with a body of persons, trust, company or firm;
 - (ii) providing services in respect of loans (other than by way of bonds or debentures);

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- (iii) transacting with any bank or branch office in respect of any of the following:
 - (A) placement of funds;
 - (B) bankers' acceptances on bills relating to trade transactions;
 - (C) bills relating to trade transactions;
 - (D) negotiable certificates of deposit;
 - (iv) transacting in, or providing services relating to, trade transactions or remittances;
 - (v) transacting in, or providing services relating to, bank guarantees or performance bonds; or
 - (vi) any activity mentioned in sub-paragraphs (i) to (v), if both of the following conditions are satisfied:
 - (A) the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law;
 - (B) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;
 - (b) trading in loans and their related collaterals (excluding immovable property other than immovable property that is or is used for any prescribed asset or project);
 - (c) trading or investing in, or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —
 - (i) debt securities; or
 - (ii) stocks, shares, or other equity securities issued by a company, a collective investment scheme or a business trust;
 - (d) providing services for the purpose of a listing on the Singapore Exchange to a company;
 - (e) foreign exchange transactions;
 - (f) providing services as an intermediary in connection with transactions relating to derivatives;
 - (g) trading in derivatives;
 - (h) transacting in or providing services in respect of gold bullion, silver bullion or platinum bullion;

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- (i) managing the funds of, or providing investment advisory services (including through another fund manager) to, the following persons:
 - (i) a prescribed person;
 - (ii) an approved company;
 - (iii) an approved person;
 - (iv) the approved master fund or an approved feeder fund of an approved master-feeder fund structure;
 - (v) the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure;
 - (vi) the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure;
 - (j) providing advisory services relating to financial matters (other than investment advisory services in respect of fund management);
 - (k) providing trustee or custodian services in its capacity as a trustee of a trust;
 - (l) providing trustee services in respect of bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments;
 - (m) providing trustee services in respect of the issue of units of —
 - (i) a collective investment scheme; or
 - (ii) a business trust;
 - (n) providing trust management or administration services to any trustee of a trust;
 - (o) in a case where the company is a fund manager, from any activity mentioned in sub-paragraph (i), where the activity is endorsed by any Shari’ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari’ah law.”.

*[G.N. Nos. S 260/2006; S 586/2008; S 54/2010;
S 835/2010; S 638/2011; S 212/2016; S 772/2017;
S 110/2019; S 556/2020]*

Made on 28 June 2021.

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