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**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX
(EXEMPTION AND CONCESSIONARY TAX RATE FOR
INCOME FROM COMPOSITE INSURANCE BUSINESS)
(AMENDMENT) REGULATIONS 2021**

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

Citation and commencement

1. These Regulations are the Income Tax (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) (Amendment) Regulations 2021 and come into operation on 1 July 2021.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) Regulations (Rg 27) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “approved specialised insurer”, the following definition:

““Asian Currency Unit” means an operational unit that was approved by the Monetary Authority of Singapore under section 77(5) of the Banking Act (Cap. 19) as in force immediately before 1 July 2021;” and

(b) by inserting, immediately after the definition of “catastrophe excess of loss policy”, the following definition:

““deposit” has the meaning given by section 4B(4) of the Banking Act;”.

Amendment of regulation 5D

3. Regulation 5D of the principal Regulations is amended —
- (a) by inserting, immediately after the word “derived” in paragraphs (1) and (3), the words “before 1 July 2021”; and
 - (b) by inserting, immediately after the word “income” in the regulation heading, the words “derived before 1 July 2021”.

Amendment of regulation 7A

4. Regulation 7A of the principal Regulations is amended —
- (a) by inserting, immediately after the word “derived” in paragraph (1A), the words “before 1 July 2021”; and
 - (b) by inserting, immediately after the word “Income” in the regulation heading, the words “derived before 1 July 2021”.

New regulation 7AA

5. The principal Regulations are amended by inserting, immediately after regulation 7A, the following regulation:

“Income derived on or after 1 July 2021 of approved captive insurer exempt from tax

7AA.—(1) Subject to the condition in paragraph (3), the income specified in paragraph (2) derived on or after 1 July 2021 by an approved captive insurer (*X*) in a basis period for any year of assessment is exempt from tax, if its approval was granted at any time before 1 July 2017.

- (2) For the purposes of paragraph (1), the income is —
- (a) income of the type and amount in regulation 7AA of the Income Tax (Exemption and Concessionary Tax Rate for Income from General Insurance Business) Regulations (Rg 26) (called in these Regulations the

General Insurance Regulations), that would be exempt from tax had *X* been an approved captive insurer to which regulation 7AA(1) of the General Insurance Regulations applies; and

- (b) income of the type and amount in regulation 5C of the Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) Regulations (Rg 28) (called in this regulation the Life Insurance Regulations), that would be exempt from tax had *X* been an approved captive insurer to which regulation 5C(1) of the Life Insurance Regulations applies.

(3) For the purposes of paragraph (1), the condition is that at all times in the basis period in which the income is derived, all the functions in the following are undertaken by *X*, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

- (a) either or both of the following:
- (i) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act (Cap. 142);
 - (ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act (Cap. 186);
- (b) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act (Cap. 50);
- (c) the day-to-day management of the *X*'s business.”.

Amendment of regulation 7B

6. Regulation 7B of the principal Regulations is amended —
- (a) by inserting, immediately after the word “derived” in paragraph (4), the words “before 1 July 2021 and on or after 1 September 2016”;
 - (b) by deleting the words “and on or after 1 September 2016 is exempt” in paragraph (4) and substituting the words “is exempt”;
 - (c) by deleting the words “that date” in paragraph (4) and substituting the words “1 September 2016”; and
 - (d) by inserting, immediately after the word “Income” in the regulation heading, the words “derived before 1 July 2021”.

New regulation 7C

7. The principal Regulations are amended by inserting, immediately after regulation 7B, the following regulation:

“Income derived on or after 1 July 2021 of approved specialised insurer exempt from tax

7C.—(1) Income of the type and amount specified in paragraph (2) that is derived on or after 1 July 2021 by an approved specialised insurer (*X*) in a basis period for any year of assessment is exempt from tax, if —

- (a) the insurer’s approval was granted at any time before 1 September 2016; and
- (b) the insurer had not been approved as an approved specialised insurer at any time before the date of approval.

(2) For the purposes of paragraph (1), the income is income of the type and amount in regulation 5E of the General Insurance Regulations that would be exempt from tax had *X* been an approved specialised insurer to which regulation 5E(1) of the General Insurance Regulations applies.”.

*[G.N. Nos. S 659/2004; S 80/2009; S 224/2009;
S 747/2010; S 102/2011; S 212/2013; S 518/2013;
S 319/2016; S 602/2017; S 613/2017]*

Made on 28 June 2021.

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