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INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(EXEMPTION OF INCOME OF NON-RESIDENTS
ARISING FROM FUNDS MANAGED BY
FUND MANAGER IN SINGAPORE) (AMENDMENT)
REGULATIONS 2010

In exercise of the powers conferred by section 13CA of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Exemption of Income of Non-residents Arising from Funds Managed by Fund Manager in Singapore) (Amendment) Regulations 2010 and shall, with the exception of regulation 2(b), be deemed to have come into operation on 22nd January 2009.

(2) Regulation 2(b) shall be deemed to have come into operation on 30th April 2009.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Exemption of Income of Non-residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010) is amended —

(a) by deleting paragraph (a) of the definition of “designated investments” and substituting the following paragraph:

“(a) stocks and shares of —

(i) any company that is listed on the Singapore Exchange or the Kuala Lumpur Stock Exchange;

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- (ii) any company that is listed on any exchange other than the Singapore Exchange or the Kuala Lumpur Stock Exchange if the company is —
 - (A) incorporated in Singapore and resident in Singapore; or
 - (B) incorporated outside Singapore and not resident in Singapore and the stock and shares issued by such companies are denominated in any foreign currency; or
 - (iii) any company that is not listed on a stock exchange in Singapore or elsewhere;”;
- (b) by deleting sub-paragraph (iii) of paragraph (a) of the definition of “designated investments” and substituting the following sub-paragraph:
- “(iii) any company that is not listed on a stock exchange in Singapore or elsewhere if the company is not in the business of trading or holding of Singapore immovable properties (other than the business of property development);”;
- (c) by deleting paragraph (i) of the definition of “designated investments” and substituting the following paragraph:
- “(i) bonds and other securities listed on the Singapore Exchange or the Kuala Lumpur Stock Exchange, and other bonds and securities issued by companies which are incorporated in Singapore and resident in Singapore;”;

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- (d) by deleting the word “and” at the end of paragraph (q) of the definition of “designated investments”;
- (e) by inserting, immediately after paragraph (r) of the definition of “designated investments”, the following paragraphs:
- “(s) units in a registered business trust;
 - (t) emission derivatives;
 - (u) liquidation claims;
 - (v) structured products; and
 - (w) investments in prescribed Islamic financing arrangements under section 34B of the Act that are commercial equivalents of any of the other designated investments under this definition;”;
- (f) by inserting, immediately after the definition of “designated person”, the following definition:
- ““emission derivatives” means derivatives, whether transacted over-the-counter or on an exchange, the payoffs of which are linked in whole to the payoffs of or the performance of the underlying emission allowances;”;
- (g) by inserting, immediately after the definition of “financial sector incentive company”, the following definitions:
- ““insolvency proceedings” means winding-up, bankruptcy, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of a person under the laws of any jurisdiction;
 - “Islamic debt securities” has the same meaning as in section 43N(4) of the Act;
 - “liquidation claims” means claims or other causes of actions (including interests, rights and demands)

of creditors or equity holders of any person against such person, however arising, on cash or other tangible or intangible assets, from a person upon and in connection with any insolvency proceeding of that person;”;

- (h) by inserting, immediately after the definition of “qualifying debt securities”, the following definition:

““registered business trust” has the same meaning as in the Business Trusts Act (Cap. 31A);”;

- (i) by deleting the word “and” at the end of paragraph (j) of the definition of “specified income”;

- (j) by inserting, immediately after paragraph (k) of the definition of “specified income”, the following paragraphs:

“(l) gains or profits realised on or after 22nd January 2009 upon the maturity, redemption or transfer of both legal and beneficial ownership (other than sale or by way of a securities lending and repurchase arrangement) of any designated investments; and

(m) amounts payable from any Islamic debt securities issued on or after 22nd January 2009 which are qualifying debt securities;”;

- (k) by inserting, immediately after the definition of “specified income”, the following definition:

““structured product” has the same meaning as in section 13(16) of the Act;”.

Amendment of regulation 4

3. Regulation 4 of the Income Tax (Exemption of Income of Non-residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 is amended by deleting sub-paragraph (i) of paragraph (a) and substituting the following sub-paragraph:

“(i) the sale, maturity, redemption or transfer of both legal and beneficial ownership (other than sale or by way of a securities lending and repurchase arrangement) of any designated investments if any gains or profits realised from such sale, maturity, redemption or transfer would have been exempt from tax under regulation 3; and”.

Made this 1st day of September 2010.

CHAN LAI FUNG
Permanent Secretary
(Finance) (Performance),
Ministry of Finance,
Singapore.

[MFR 32.19.4 Vol. 34; AG/LLRD/SL/134/2005/29 Vol. 2]