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INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(CONCESSIONARY RATE OF TAX FOR
FINANCIAL SECTOR INCENTIVE COMPANIES)
(AMENDMENT) REGULATIONS 2020

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 2020 and come into operation on 16 July 2020.

Amendment of regulation 8

2. Regulation 8 of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2005 (G.N. No. S 735/2005) is amended —

(a) by deleting sub-paragraph (ii) of paragraph (1)(b) and (c) and substituting in each case the following sub-paragraph:

“(ii) the syndication work in respect of the facility is carried out substantially in Singapore;”;

(b) by deleting sub-paragraph (BB) of paragraph (1)(g)(iii) and (vii) and substituting in each case the following sub-paragraph:

“(BB) the syndication work in respect of the facility is carried out substantially in Singapore;”;

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- (c) by deleting the words “from the date” in paragraph (1)(o)(i) and substituting the words “after the date”;
- (d) by deleting sub-paragraphs (ii) and (iii) of paragraph (1)(o) and substituting the following sub-paragraphs:
- “(ii) the arranger, underwriter or agent bank of the loan syndicates the loan as a syndicated facility within 6 months after the date of the signing of the initial loan agreement;
 - (iii) the loan agreement becomes an agreement for a syndicated facility on or after 1 May 2009;
 - (iv) all the lenders in the syndicated facility are reflected as lenders of records in the records of the arranger or agent bank of the loan; and
 - (v) the syndication work in respect of the facility is carried out substantially in Singapore;”;
- (e) by deleting paragraph (6) and substituting the following paragraphs:
- “(6) For the purposes of paragraph (1)(b), (c), (g)(iii) and (vii) and (o), the agent bank of the syndicated offshore facility mentioned in those provisions must submit to the Comptroller within a time specified by the Comptroller —
- (a) a return on the facility and a declaration from the arranger of the facility that the facility is a syndicated offshore facility;
 - (b) where the facility is an offshore credit facility provided to a specified person that has any related party in Singapore, a declaration from the specified person that

the funds from the facility have not been, and are not intended to be, transferred to that related party in Singapore; and

(c) any other information or particulars that the Comptroller may require.

(7) For the purposes of this regulation, a facility is treated as a syndicated facility or a syndicated offshore facility if —

(a) the total amount of the facility is at least US\$20 million or the equivalent in another currency;

(b) the facility is documented as one agreement; and

(c) either —

(i) the facility has at least 3 lenders and, where there are fewer than 5 lenders, each lender has a share of at least 10% of the total amount of the facility; or

(ii) in the case of a facility that provides a guarantee or letter of credit in addition to the provision of loans, advances or funds —

(A) the facility complies with sub-paragraph (i); or

(B) there are at least 3 issuers of the guarantee or letter of credit and, where there are fewer than 5 issuers, each issuer's undertaking represents at least 10% of the total amount of the facility.

(8) For the purposes of this regulation, the syndication work in respect of a facility is treated as

being carried out substantially in Singapore if all of the following functions are carried out by a bank licensed under the Banking Act, a merchant bank approved under section 28 of the Monetary Authority of Singapore Act, or a financial sector incentive (credit facilities syndication) company that holds a capital markets services licence under the Securities and Futures Act to deal in securities or that is exempt under that Act from holding such a licence:

- (a) originating and structuring of the facility;
- (b) running the book;
- (c) facility documentation;
- (d) facility agency.”.

Deletion of Second Schedule

3. The Second Schedule to the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2005 is deleted.

*[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]*

Made on 11 July 2020.

TAN CHING YEE
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Ministry of Finance,
Singapore.*

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