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## No. S 603

### INCOME TAX ACT (CHAPTER 134)

#### INCOME TAX (EXEMPTION AND CONCESSIONARY TAX RATE FOR INCOME FROM LIFE INSURANCE BUSINESS) (AMENDMENT) REGULATIONS 2017

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.—(1) These Regulations are the Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment) Regulations 2017 and, except for regulations 2, 3, 4(c) and 6(b), are deemed to have come into operation on 1 April 2016.

(2) Regulation 2 is deemed to have come into operation on 28 November 2013.

(3) Regulation 3 is deemed to have come into operation on 1 April 2015.

(4) Regulations 4(c) and 6(b) come into operation on 26 October 2017.

#### **Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) Regulations (Rg 28) (called in these Regulations the principal Regulations) is amended by deleting the definitions of “offshore life business”, “offshore life policies” and “participating fund” and substituting the following definitions:

“ “offshore life business” and “participating fund” have the same meanings as in section 26(12) of the Act;

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“offshore life policy” means a life policy that is not a Singapore policy within the meaning of paragraph 2(1)(a) of the First Schedule to the Insurance Act;”.

### **Amendment of regulation 3**

3. Regulation 3(1) of the principal Regulations is amended by deleting the words “1st April 2010 to 31st March 2015,” and substituting the words “1 April 2010 to 31 March 2020 (both dates inclusive)”.

### **Amendment of regulation 3A**

4. Regulation 3A of the principal Regulations is amended —

(a) by deleting the words “17th February 2006 to 31 March 2018,” in paragraph (1) and substituting the words “17 February 2006 to 31 March 2020 (both dates inclusive)”;

(b) by deleting paragraph (2) and substituting the following paragraph:

“(2) Any approval granted under paragraph (1) is for —

(a) such period not exceeding 10 years as the Minister or such person as the Minister may appoint may specify, if the approval is granted before 1 April 2018; or

(b) a period of 5 years, if the approval is granted on or after 1 April 2018.”; and

(c) by deleting paragraph (3) and substituting the following paragraph:

“(3) No approval may be given under paragraph (1) unless, at the time of such approval, all the functions in the following sub-paragraphs are undertaken by the captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

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- (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 captive insurer's business.”.

#### **New regulation 4A**

5. The principal Regulations are amended by inserting, immediately after regulation 4, the following regulation:

**“Concessionary rate of tax for approved captive insurer**

**4A.**—(1) Subject to the conditions in paragraph (2), tax is payable at the rate of 10% on the income mentioned in regulation 5A(1)(a) and (b) that is derived by an approved captive insurer (including one who is also an approved insurer) in a basis period for any year of assessment.

(2) For the purposes of paragraph (1), the conditions are —

- (a) the approved captive insurer's approval is granted on or after 1 April 2018; and
- (b) at all times during the basis period in which the income is derived, all the functions in the following sub-paragraphs are undertaken by the approved captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore

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who are employed by a company incorporated outside Singapore:

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

(3) For the purposes of paragraph (1), where the Comptroller is satisfied that any part of the insurance fund or the shareholders' funds of the approved captive insurer (being the fund or funds mentioned in regulation 4(1)(b) the income in relation to which is used to determine the income mentioned in regulation 5A(1)(b) (as applied by paragraph (1))) is not required to support the offshore captive insurance business of such insurer, the Comptroller may adopt such reduced amount of the income mentioned in regulation 5A(1)(b) as appears to the Comptroller to be reasonable in the circumstances.”.

### **Amendment of regulation 5A**

6. Regulation 5A of the principal Regulations is amended —

- (a) by inserting, immediately after the words “(including one who is also an approved insurer)” in paragraphs (1) and (1A), the words “whose approval is granted before 1 April 2018,”; and

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(b) by deleting paragraph (1B) and substituting the following paragraph:

“(1B) The requirement mentioned in paragraph (1A) is that all the functions in the following sub-paragraphs are undertaken by the approved captive insurer, 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;

(ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act;

(b) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act;

(c) the day-to-day management of the approved captive insurer’s business.”.

*[G.N. Nos. S 81/2009; S 748/2010; S 103/2011;  
S 519/2013; S 320/2016]*

Made on 25 October 2017.

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