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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR FINANCIAL SECTOR INCENTIVE COMPANIES) REGULATIONS 2005

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

Citation and commencement

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive

Companies) Regulations 2005 and shall be deemed to have come into operation on 1st January 2004.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“Approved Derivatives Trader” has the same meaning as in the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) in force immediately before 1st January 2004;

“Approved Fund Manager” means a Fund Manager approved before 1st January 2004 under section 43A(1)(b) of the Act;

“Approved Headquarters Company” means a headquarters company approved under section 43E of the Act by the Monetary Authority of Singapore in its capacity as a person appointed by the Minister for the purposes of that section;

“Approved Securities Company” means a company approved before 1st January 2004 for derivatives activities under section 43A(1)(c) of the Act;

“debt securities” has the same meaning as in section 43N of the Act;

“designated investments” and “designated person” have the same meanings as in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003) ;

“designated securities” means —

(a) stocks, shares, bonds and other securities, denominated in any foreign currency, issued by a company which is neither incorporated in Singapore nor resident in Singapore; or

(b) bonds denominated in any foreign currency issued by any foreign government;

“Equity Capital Market Intermediary” has the same meaning as in the Income Tax (Concessionary Rate of Tax for Equity

Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004;

“financial derivatives” means derivatives the payoffs of which are linked, whether in whole or in part, to the payoffs or performance of any financial assets, securities, financial instruments or indices, but excludes derivatives the payoffs of which are wholly linked to the payoffs or performance of commodities;

“financial sector incentive (bond market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (credit facilities syndication) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (derivatives market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (equity market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (fund management) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (headquarter services) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (standard tier) company” means a company approved as such under section 43Q of the Act;

“foreign bond or loan stock issue” means any bond or loan stock issued by a person who (excluding any permanent establishment it may have in Singapore) is not resident in Singapore, or by a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment, where —

- (a) the bond or loan stock is denominated in any currency other than the Singapore dollar;

- (b) the proceeds of the bond or loan stock issue are to be used outside Singapore; and
- (c) the expenses incurred in respect of the bond or loan stock issue are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore;

“foreign debt securities” means any bonds, notes, commercial papers, treasury bills or certificates of deposits which are —

- (a) issued by a company which is neither incorporated in Singapore nor resident in Singapore (excluding any permanent establishment it may have in Singapore), or by any foreign government; or
- (b) listed on the Singapore Exchange, and issued by a company which —
 - (i) is incorporated in Singapore;
 - (ii) has at least 50% of its annual turnover derived from outside Singapore; and
 - (iii) is approved, for the purpose of these Regulations, by the Minister or such person as he may appoint;

“foreign equity securities” means stocks, shares or other equity securities which are —

- (a) issued by a company which is neither incorporated in Singapore nor resident in Singapore; or
- (b) listed on the Singapore Exchange, and issued by a company which —
 - (i) is incorporated in Singapore;
 - (ii) has at least 50% of its annual turnover derived from outside Singapore; and
 - (iii) is approved, for the purpose of these Regulations, by the Minister or such person as he may appoint;

“foreign investor” means —

- (a) an individual who is neither a citizen of Singapore nor resident in Singapore and who is the beneficial owner of funds managed by any fund manager in Singapore;
- (b) a company not resident in Singapore and not more than 20% of the issued share capital of which is beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore (after excluding the total percentage owned directly by any designated person); or
- (c) a trust fund not more than 20% of the value of which is beneficially held, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) (after excluding the total percentage held directly by any designated person),

but excludes —

- (i) any company or trust fund that —
 - (A) has a permanent establishment in Singapore (other than a fund manager);
 - (B) carries on a business in Singapore; or
 - (C) beneficially owns more than 20% of the issued share capital of any company incorporated in Singapore; and
- (ii) any company 20% or more of the issued share capital of which is beneficially owned, directly or indirectly, by a company referred to in paragraph (i),

unless approval is granted by the Minister or approving authority;

“foreign mutual fund corporation” means a mutual fund corporation not more than 20% of the value of the shares of which is beneficially held, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) of the definition of “foreign investor” (after excluding the total percentage held directly by any designated person);

“foreign trust” has the meaning given to it in regulation 2A of the Income Tax (Exemption of Income of Foreign Trusts) Regulations (Rg 24);

“futures member of the Singapore Exchange” has the same meaning as in section 43D(4) of the Act;

“initial public offering” means a public offering of securities of a company, the stocks or shares of which have not previously been listed on the Singapore Exchange, in conjunction with the listing of those securities on the Singapore Exchange, and includes a listing of securities of such a company on the Singapore Exchange by way of an introduction;

“mutual fund corporation” means a collective investment scheme or closed-end fund, as defined in section 2 of the Securities and Futures Act (Cap. 289), that is constituted as a corporation;

“offshore credit facility” and “offshore guarantee facility” have the same meanings as in the Income Tax (Exemption of Income from Syndicated Offshore Facilities) Regulations 2003 (G.N. No. S 183/2003);

“offshore trade transaction” means any trade transaction where —

- (a) neither the buyer nor the seller is a resident of Singapore or a permanent establishment in Singapore;
- (b) the goods are not exported from or imported into Singapore except for transshipment; and
- (c) the transaction is carried out in one or more foreign currencies;

“qualifying debt securities” has the same meaning as in section 13(16) of the Act;

“qualifying derivatives” means financial derivatives transacted over-the-counter;

“relevant foreign trust” means a foreign trust as defined in regulation 2A of the Income Tax (Exemption of Income of

Foreign Trusts) Regulations (Rg 24), other than a unit trust referred to in paragraph (1)(b) of that regulation;

“subsequent incentive period” means a further period referred to in regulation 3(5)(a) ;

“unit” means a right or an interest (whether described as a unit, a sub-unit or otherwise) which may be acquired under a unit trust;

“unit trust” means any trust established for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property.

(2) Any reference in these Regulations to an approving authority is a reference to such person as the Minister may appoint for the purposes of the provision in which that reference appears.

Financial sector incentive company

3.—(1) For the purposes of section 43Q of the Act and these Regulations, a company is approved as a financial sector incentive company if it is approved by the Minister or approving authority as any of the following:

- (a) a financial sector incentive (bond market) company;
- (b) a financial sector incentive (credit facilities syndication) company;
- (c) a financial sector incentive (derivatives market) company;
- (d) a financial sector incentive (equity market) company;
- (e) a financial sector incentive (fund management) company;
- (f) a financial sector incentive (headquarter services) company;
- (g) a financial sector incentive (standard tier) company.

(2) A company shall not be approved as a financial sector incentive company if the company —

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- (a) is not licensed or approved by the Monetary Authority of Singapore, or is exempted from such licensing or approval, under any Act; and
- (b) provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.
- (3) Subject to paragraph (4), the Minister or approving authority may approve a company as a financial sector incentive company —
- (a) for such period not exceeding 10 years as he may specify; and
- (b) subject to such terms and conditions as he may impose.
- (4) Where the initial qualifying base percentage in respect of a company determined under regulation 10 is 0%, the period specified under paragraph (3) shall not exceed 5 years, unless otherwise permitted by the Minister, but in any case shall not exceed 10 years.
- (5) Subject to paragraph (6), the Minister or approving authority may, at the end of any period specified in paragraph (3) or (4) or this paragraph, as the case may be, approve the company as a financial sector incentive company —
- (a) for such further period not exceeding 10 years at any one time as he may specify; and
- (b) subject to such terms and conditions as he may impose.
- (6) No company shall be approved as a financial sector incentive (bond market) company, financial sector incentive (credit facilities syndication) company, financial sector incentive (derivatives market) company or financial sector incentive (equity market) company on or after 1st January 2009.

10% tax payable on qualifying income of financial sector incentive (standard tier) company

4.—(1) Subject to this regulation and regulation 7, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company derived on or after 1st January 2004 from any of the following activities:

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- (a) where the financial sector incentive (standard tier) company 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) —
- (i) granting loans, other than by way of bonds or debentures, in any foreign currency, the repayment of which is not in Singapore currency;
 - (ii) trading in secondary loans in any foreign currency, the repayment of which is not in Singapore currency;
 - (iii) transactions in any foreign currency 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) opening, advising or confirming of letters of credit denominated in any foreign currency relating to trade transactions;
 - (v) financing or re-financing of trade transactions with or without letters of credit denominated in any foreign currency;
 - (vi) providing guarantees, performance bonds, standby letters of credit and services relating to remittances denominated in foreign currencies; and
 - (vii) providing services to any non-resident holder of a credit or charge card, in connection with the use of the card, where —
 - (A) the billing for the transactions for which the card is used is denominated in any foreign currency;
 - (B) the card is used outside Singapore for the purposes of making payments to a person outside Singapore who is neither resident in

Singapore nor a permanent establishment in Singapore; and

- (C) the payments for such services to the financial sector incentive (standard tier) company are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore;
- (b) trading in any debt securities;
 - (c) arranging, managing, underwriting, selling or investing in qualifying debt securities;
 - (d) arranging, managing, underwriting, selling, investing in or providing services (including services as a broker, nominee or custodian) in respect of foreign debt securities;
 - (e) granting loans of foreign debt securities under securities lending arrangements in writing;
 - (f) arranging, managing, underwriting, selling or providing other services (including services as a broker, nominee or custodian) in respect of foreign equity securities;
 - (g) granting loans of foreign equity securities under securities lending arrangements in writing;
 - (h) foreign exchange transactions;
 - (i) providing services as an intermediary in connection with transactions relating to derivatives;
 - (j) trading in derivatives;
 - (k) transactions in gold bullion, silver bullion or platinum bullion;
 - (l) managing the funds of a foreign investor for the purpose of any designated investment, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not

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- borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (m) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (n) providing advisory services relating to financial matters (other than investment advisory services referred to in sub-paragraph (l));
 - (o) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (p) providing trustee or custodian services for or on behalf of any unit trust the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (q) providing custodian services for or on behalf of any foreign mutual fund corporation, the funds of which are invested in designated investments, where the payments for the custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
 - (r) providing trustee services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

- (s) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (t) trading, on or after 27th February 2004, in secondary loans in any foreign currency, the repayment of which is not in Singapore currency.

(2) For the purposes of determining the tax payable under paragraph (1) —

- (a) any income which is derived from the granting of loans referred to in paragraph (1)(g), and which comprises Singapore dividends from which tax is deducted or deductible under section 44 of the Act, shall be excluded; and
- (b) the qualifying base shall be deducted from the income or loss derived from the activities specified in paragraph (1) .

(3) The qualifying base shall be subject to tax at the rate of tax under section 43(1)(a) of the Act and, where the qualifying base is a loss, shall be deducted from the income subject to tax at the rate of tax under that provision.

(4) In this regulation —

“qualifying base” means the amount calculated by multiplying the specified income or the specified loss, as the case may be, by the initial qualifying base percentage or subsequent qualifying base percentage, as the case may be, determined under regulation 10;

“specified income” or “specified loss” means the aggregate of the following:

- (a) interest income from the activities specified in paragraph (1), after deducting any interest expense allowable under the Act which is attributable to such interest income;
- (b) all fees, commissions and other income from the activities specified in paragraph (1) , after deducting

any direct expense allowable under the Act which is attributable to such fees, commissions or other income; and

- (c) profits or loss from the disposal of equity securities, debt securities or secondary loans specified in paragraph (1), after deducting any specific provision allowable under the Act for the diminution in value of such securities or loans, and adding any taxable specific provision for diminution in value of such securities or loans which is written back.

10% tax payable on qualifying income of financial sector incentive (headquarter services) company

5.—(1) Tax shall be payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived from the provision of any of the following services, which is approved by the Minister or approving authority in relation to that financial sector incentive (headquarter services) company, to any approved office of the financial sector incentive (headquarter services) company or any approved person:

- (a) general management and administration;
- (b) business planning and co-ordination;
- (c) procurement of raw materials and components for use in the business of the approved office or approved person;
- (d) technical support services;
- (e) marketing control and sales promotion planning;
- (f) training and personnel management;
- (g) corporate finance advisory services;
- (h) economic or investment research and analysis;
- (i) credit control and administration;
- (j) research and development work carried out in Singapore on behalf of the approved office;

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- (k) arranging credit facilities for the approved office in foreign currencies where the funds for providing the facilities are obtained from —
- (i) financial institutions in Singapore; or
 - (ii) the accumulated profits of other approved offices;
- (l) 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 is —
 - (A) 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), which is a financial sector incentive company;
 - (B) a person who is neither a resident of nor a permanent establishment in Singapore; or
 - (C) a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment; and
 - (ii) in the case of services relating to remittances, the person to whom the remittances are made is —
 - (A) a bank licensed under the Banking Act, or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act, which is a financial sector incentive company; or
 - (B) a person who is neither a resident of nor a permanent establishment in Singapore;
- (m) arranging interest rate or currency swaps in foreign currencies with —
- (i) a bank licensed under the Banking Act, or a merchant bank approved under section 28 of the Monetary

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- Authority of Singapore Act, which is a financial sector incentive company;
- (ii) a person who is neither a resident of nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore;
- (n) managing the funds of the approved office for the purpose of any designated investments, and in the case where the approved office is an associated company —
- (i) the approved office is not resident in Singapore; and
 - (ii) unless otherwise approved by the Minister or approving authority —
 - (A) not less than 80% of the issued share capital of the approved office is beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;
 - (B) the approved office has no permanent establishment in Singapore other than the financial sector incentive (headquarter services) company;
 - (C) the approved office does not carry on business in Singapore;
 - (D) the approved office does not beneficially own more than 20% of the issued share capital of any company incorporated in Singapore; and
 - (E) the approved office has less than 20% of its issued share capital beneficially owned, directly or indirectly, by a company which —
 - (EA) has a permanent establishment in Singapore other than the financial sector incentive (headquarter services) company;
 - (EB) carries on business in Singapore; or

(EC) beneficially owns more than 20% of the issued share capital of any company incorporated in Singapore.

(2) In this regulation —

“approved office”, in relation to a financial sector incentive (headquarter services) company, means an office or associated company of the financial sector incentive (headquarter services) company which is —

- (a) outside Singapore; and
- (b) approved by the Minister or approving authority;

“approved person”, in relation to a financial sector incentive (headquarter services) company, means a person (other than an approved office of the financial sector incentive (headquarter services) company) who is —

- (a) outside Singapore; and
- (b) approved by the Minister or approving authority;

“associated company”, in relation to a financial sector incentive (headquarter services) company, means a company —

- (a) the operations of which are or can be controlled, directly or indirectly, by that financial sector incentive (headquarter services) company;
- (b) which controls or can control, directly or indirectly, the operations of that financial sector incentive (headquarter services) company; or
- (c) the operations of which are or can be controlled, directly or indirectly, by a person or persons who control or can control, directly or indirectly, the operations of that financial sector incentive (headquarter services) company .

(3) For the purpose of paragraph (2), a company shall be deemed to be an associated company in relation to a financial sector incentive (headquarter services) company if —

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- (a) at least 25% of the issued capital of the first-mentioned company is beneficially owned, directly or indirectly, by the financial sector incentive (headquarter services) company; or
 - (b) at least 25% of the issued capital of the financial sector incentive (headquarter services) company is beneficially owned, directly or indirectly, by the first-mentioned company.

10% tax payable on qualifying income of financial sector incentive (fund management) company

6. Subject to regulation 7, tax shall be payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived from the following activities:

- (a) managing the funds of a foreign investor for the purpose of any designated investments, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (b) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to a financial sector incentive (standard tier) company or another financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

Computation of income of financial sector incentive company from managing funds of certain foreign investors

7. In respect of services provided to a foreign investor under regulation 4(1)(l) or (m) or 6, where the foreign investor is —

- (a) a company referred to in paragraph (b) of the definition of “foreign investor” in regulation 2 in which any designated person is a shareholder and of which more than 20% of the

issued share capital is beneficially owned, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) of that definition and by designated persons; or

- (a) a company referred to in paragraph (b)(i) of the definition of “foreign investor” in regulation 2 in which any designated person is a shareholder and of which more than 20% of the total number of the issued shares are beneficially owned, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) of that definition and by designated persons;
- (aa) a company referred to in paragraph (b)(ii) of the definition of “foreign investor” in regulation 2 in which any designated person is a shareholder and of which more than 20% of the total value of the issued securities are beneficially owned, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) of that definition and by designated persons; or
- (b) a trust fund referred to in paragraph (c) of the definition of “foreign investor” in regulation 2 in which any designated person is a beneficiary and of which more than 20% of the value is beneficially held, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) of that definition and by designated persons,

the amount of fees and commissions which is chargeable with tax at the concessionary rate of 10% shall be computed in accordance with the following formula:

			A + (20% x B)			
					x C	
			B			
where	A	is the amount of issued share capital of the company or the value of the trust fund, as the case may be, which is not beneficially owned or held, directly or indirectly, by persons				

	who are not referred to in paragraphs (a) and (b) of the definition of “foreign investor” in regulation 2 or by designated persons;
B	is the amount of issued share capital of the company or the value of the trust fund, as the case may be; and
C	is the amount of fees and commissions derived from the provision of the services referred to in regulation 4(1)(l) or (m) or 6 to the foreign investor.

5% tax payable on qualifying income of financial sector incentive company

8. Tax shall be payable at the rate of 5% on the income derived on or after 1st January 2004 —

- (a) by a financial sector incentive (bond market) company from arranging, underwriting or distributing any qualifying debt securities, subject to the conditions specified in the Income Tax (Qualifying Debt Securities) Regulations (Rg 35);
- (b) by a financial sector incentive (credit facilities syndication) company from arranging, underwriting or granting loans under any syndicated offshore facility which is an offshore credit facility or an offshore guarantee facility, where the agreement for the facility is made on or after 1st January 2004, subject to the conditions specified in the Income Tax (Exemption of Income from Syndicated Offshore Facilities) Regulations 2003 (G.N. No. S 183/2003);
- (c) 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 the Monetary Authority of Singapore Act (Cap. 186) from trading in secondary loans under any syndicated offshore facility which is an offshore credit facility or an offshore guarantee facility, where the agreement for the facility is made on or after 1st January 2004, subject to the conditions specified in the Income Tax (Exemption of Income from Syndicated Offshore Facilities) Regulations 2003;

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- (d) by a financial sector incentive (derivatives market) company from trading in qualifying derivatives or providing services as an intermediary in connection with transactions relating to qualifying derivatives; and
- (e) by a financial sector incentive (equity market) company from the following activities:
- (i) services (including services as a broker, nominee or custodian) in connection with transactions relating to stocks, shares, bonds or other securities listed on the Singapore Exchange that are issued by —
 - (A) a company which is neither incorporated in Singapore nor resident in Singapore; or
 - (B) a company which —
 - (BA) is incorporated in Singapore;
 - (BB) has at least 50% of its annual turnover derived from outside Singapore; and
 - (BC) is approved for the purpose of these Regulations by the Minister or approving authority,
except where the payments for these services and other expenses in connection with the transactions are borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore of a person who is not resident in Singapore;
 - (ii) the sale of any stocks, shares, bonds or other securities referred to in sub-paragraph (i);
 - (iii) services on behalf of a company which is neither incorporated in Singapore nor resident in Singapore (excluding any permanent establishment it may have in Singapore) in respect of the arrangement, underwriting, management and placement of an initial public offering by the company of securities for the purpose of a listing on the Singapore Exchange, where the payments for these services and other expenses in connection with the issue of such

securities are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore; and

- (iv) services on behalf of a company which —
 - (A) is incorporated in Singapore;
 - (B) has at least 50% of its annual turnover derived from outside Singapore; and
 - (C) is approved, for the purpose of these Regulations, by the Minister or approving authority,
 in respect of the arrangement, underwriting, management and placement of an initial public offering by the company of securities for the purpose of a listing on the Singapore Exchange.

Determination of income chargeable with tax

9. For the purposes of regulations 4, 5, 6 and 8, the Comptroller shall determine —

- (a) the chargeable income of the financial sector incentive company having regard to such expenses, capital allowances and donations allowable under the Act as are, in his opinion, to be deducted in ascertaining such income; and
- (b) the manner and extent to which any loss arising from the activities specified in those regulations may be deducted under the Act in ascertaining the chargeable income of the company.

Determination of qualifying base percentage

10.—(1) The initial qualifying base percentage of a financial sector incentive (standard tier) company shall be determined in the following order:

- (a) 100%, if the previous incentive income for each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company

is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company is nil or less than nil;

- (b) 0%, if the previous non-incentive income for each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company is nil or less than nil;

	(c)		average (Y_i)	
			_____	x 100%,
			average (X_i) + average (Y_i)	

if for the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company, both the average of the previous incentive income and the average of the previous non-incentive income of the company are positive,

	where	X_i		is the previous incentive income for year of assessment i ;
		Y_i		is the previous non-incentive income for year of assessment i ; and
		i		is each of the first, second and third years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;
	(d)		average (Y_j)	

		$\frac{\text{average (X}_j\text{) + average (Y}_j\text{)}}{\text{average (X}_j\text{) + average (Y}_j\text{)}} \times 100\%$
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if for the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company, either the average of the previous incentive income of the company or the average of the previous non-incentive income of the company is, or both are, nil or less than nil,

	where	X _j	is the previous incentive income for year of assessment <i>j</i> ;
		Y _j	is the previous non-incentive income for year of assessment <i>j</i> ; and
		j	is each year of assessment which falls within the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company, and in which both the previous incentive income and the previous non-incentive income are positive; and

(e) 0%, in any other case.

(2) Where a company has less than 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company —

(a) any reference in this regulation to the 3 years of assessment immediately preceding the year of assessment relating to that basis period shall be read as a reference to all the years of

assessment immediately preceding the year of assessment relating to that basis period; and

- (b) any reference in this regulation to the first, second and third year of assessment immediately preceding the year of assessment relating to that basis period shall be construed accordingly.

(3) Where the initial qualifying base percentage of the financial sector incentive (standard tier) company is 100%, the Minister or approving authority —

- (a) may, if he thinks fit, specify an initial qualifying base percentage to determine the qualifying base for the first or second year of assessment immediately after the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company; and
- (b) shall specify an initial qualifying base percentage to determine the qualifying base for the third year of assessment immediately after the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company, and any subsequent year of assessment.

(4) Where the initial qualifying base percentage of the financial sector incentive (standard tier) company is 0% and where that company is approved as such for the first time for more than 5 years, the application of such percentage to the specified income or specified loss referred to in regulation 4(4) to determine the qualifying base shall be for a period not exceeding 5 years from the date the company is approved as a financial sector incentive (standard tier) company for the first time, and the Minister or approving authority shall specify the initial qualifying base percentage to be applied for the remaining incentive period.

(5) The subsequent qualifying base percentage of the financial sector incentive (standard tier) company shall be determined in the following order:

- (a) a percentage specified by the Minister or approving authority, if the previous qualifying base percentage is 0%;
- (b) the previous qualifying base percentage, if there was no consecutive increase in the specified income or specified loss referred to in regulation 4(4) for the 3 years of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period;
- (c) subject to sub-paragraph (d), a percentage calculated in accordance with the following formula:

$$QB \times \left[1 + \left(\sqrt{\frac{X}{Y}} - 1 \right) \right]$$

where	QB	is the previous qualifying base percentage;
	X	is the specified income referred to in regulation 4(4) for the first year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period; and
	Y	is the specified income referred to in regulation 4(4) for the third year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period;

- (d) where the subsequent qualifying base percentage computed in accordance with sub-paragraph (c) is more than 100%, a percentage specified by the Minister or approving authority;
- (e) subject to sub-paragraph (f), a percentage calculated in accordance with the following formula:

$$QB \times \left[1 - \left(\sqrt{\frac{X}{Y}} - 1 \right) \right]$$

where	QB	is the previous qualifying base percentage;
	X	is the specified loss referred to in regulation 4(4) for the first year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period; and
	Y	is the specified loss referred to in regulation 4(4) for the third year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period; and

(f) where the subsequent qualifying base percentage computed in accordance with sub-paragraph (e) is less than 0%, 0%.

(6) Notwithstanding paragraphs (1) and (5), the Minister or approving authority may in any particular case specify the initial or subsequent qualifying base percentage, or the method to determine the initial qualifying base percentage or subsequent qualifying base percentage, as he thinks fit, in lieu of any percentage or method specified in paragraph (1) or (5).

(7) The initial or subsequent qualifying base percentage specified by the Minister or approving authority under paragraph (3), (4), (5) or (6) shall not exceed 100%.

(8) A financial sector incentive (standard tier) company shall submit to the Comptroller a report from an external auditor, certifying that the initial qualifying base percentage of the company presents fairly the initial qualifying base percentage as prescribed in these Regulations, together with its return of income within the period specified under section 62 of the Act, except where —

- (a) the initial qualifying base percentage is 100%;
- (b) the financial sector incentive (standard tier) company is a company which —

- (i) was incorporated or registered on or after 1st January 2004;
 - (ii) has not taken over any undertaking or business from any person in Singapore; and
 - (iii) has not derived any income during the period from the date of its incorporation or registration to the date it is approved as a financial sector incentive (standard tier) company; or
- (c) the financial sector incentive (standard tier) company is a company which —
- (i) was incorporated or registered on or after 1st January 2004;
 - (ii) has not taken over any activity referred to in regulation 4 from any person in Singapore; and
 - (iii) was approved as a financial sector incentive (standard tier) company within 2 years from the date of commencement in Singapore of any activity referred to in regulation 4 by the company.

[S 835/2010 wef 01/01/2004]

(9) In this regulation —

“initial qualifying base percentage”, in relation to a financial sector incentive (standard tier) company, means the percentage used to compute the qualifying base referred to in regulation 4(4) in the period for which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

“previous incentive income”, in relation to a financial sector incentive (standard tier) company, means specified previous income derived by the company which was subject to tax at the rate of tax of 10% in each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

“previous non-incentive income”, in relation to a financial sector incentive (standard tier) company, means specified previous income derived by the company which was subject to tax at the rate of tax under section 43 (1) (a) of the Act in each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

“previous qualifying base percentage”, in relation to a financial sector incentive (standard tier) company, means the qualifying base percentage which was applied to the period during which the company was approved as a financial sector incentive (standard tier) company immediately preceding the date at which the subsequent qualifying base percentage is determined;

“specified previous income” means —

- (a) in the case of previous incentive income, the aggregate of the following:
 - (i) interest income from the activities specified in the Schedule, after deducting any interest expense allowable under the Act which is attributable to such interest income;
 - (ii) all fees, commissions and other income from the activities specified in the Schedule, after deducting any direct expense allowable under the Act which is attributable to such fees, commissions or other income; and
 - (iii) profits or loss from the disposal of equity securities, debt securities or secondary loans specified in the Schedule, after deducting any specific provision allowable under the Act for the diminution in value of such securities or loans, and adding any taxable specific provision for diminution in value of such securities or loans which is written back; and

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- (b) in the case of previous non-incentive income, the aggregate of the following:
- (i) interest income from the activities specified in regulation 4(1), after deducting any interest expense allowable under the Act which is attributable to such interest income;
 - (ii) all fees, commissions and other income from the activities specified in regulation 4(1) , after deducting any direct expense allowable under the Act which is attributable to such fees, commissions or other income; and
 - (iii) profits or loss from the disposal of equity securities, debt securities or secondary loans specified in regulation 4(1), after deducting any specific provision allowable under the Act for the diminution in value of such securities or loans, and adding any taxable specific provision for diminution in value of such securities or loans which is written back;

“subsequent qualifying base percentage”, in relation to a financial sector incentive (standard tier) company, means the percentage used to compute the qualifying base referred to in regulation 4(4) in the next immediate subsequent incentive period of the company.

Financial sector incentive company to maintain records

11. A financial sector incentive company shall keep and maintain such records, as may be required by the Minister or approving authority for the purposes of these Regulations, of —

- (a) the particulars of every foreign investor in respect of which it provides its services; and
- (b) the particulars of every settlor and every beneficiary or unit holder, as the case may be, of every foreign trust in respect of which it provides its services.

Revocation and deeming of approvals

12.—(1) The Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7), the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10), the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) and the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) are revoked.

(2) A company which before 1st January 2004 was a financial institution with an Asian Currency Unit, other than an Approved Derivatives Trader, shall be deemed to be approved as a financial sector incentive (standard tier) company for the purposes of these Regulations from 1st January 2004 until 31st December 2008 or the date on which it ceases to derive income which qualifies for tax concession under these Regulations, whichever is the earlier.

(3) A company which before 1st January 2004 was an Approved Securities Company shall be deemed to be approved as a financial sector incentive (standard tier) company, and a company which before 1st January 2004 was an Approved Derivatives Trader shall be deemed to be approved as a financial sector incentive (derivatives market) company, for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company for the purposes of the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations in force immediately before 1st January 2004 or the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 in force immediately before 1st January 2004, as the case may be.

(4) A company which before 1st January 2004 was an Equity Capital Market Intermediary shall be deemed to be approved as a financial sector incentive (standard tier) company and a financial sector incentive (equity market) company for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company for the purposes of the Income Tax (Concessionary Rate of Tax for

Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004.

(5) A company which before 1st January 2004 was an Approved Headquarters Company shall be deemed to be approved as a financial sector incentive (headquarter services) company for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company for the purposes of the Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations (Rg 6).

(6) A company which before 1st January 2004 was an Approved Fund Manager shall be deemed to be approved as a financial sector incentive (fund management) company for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company, or for which the company was deemed to have been so approved, under the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7) in force immediately before 1st January 2004.

(7) Notwithstanding paragraph (1), any exemption under the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10) in force immediately before 1st January 2004 or the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations in force immediately before 1st January 2004 shall continue to apply, as if those Regulations have not been revoked, to an Asian Currency Unit of a financial institution or to an Approved Fund Manager, as the case may be, approved as such on or before 27th February 2003, from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the Asian Currency Unit or the Approved Fund Manager, as the case may be.

(8) Notwithstanding paragraphs (2) to (7), where a company —

- (a) derives income which qualifies for tax concession under the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations in force immediately before 1st January 2004, or has been approved for the purposes of the Income Tax (Concessionary Rate of Tax for

Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) in force immediately before 1st January 2004 or the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004; and

- (b) ceases to derive income which would qualify for the concessionary rate of tax under these Regulations during the period from 1st January 2004 to 31st December 2004 (both dates inclusive),

these Regulations shall not apply to the company and the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10), the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) or the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003, as the case may be, shall continue to apply to the company as if those Regulations have not been revoked.

THE SCHEDULE

Regulation 10

LIST OF ACTIVITIES

For the purpose of regulation 10, the previous incentive income of a financial sector incentive company shall be derived from any of the following activities carried out under the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7), the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations, the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations (Rg 32), the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 and the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003:

- (a) managing the funds of a foreign investor for the purpose of any designated investment, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

THE SCHEDULE — *continued*

- (b) arranging on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to an Equity Capital Market Intermediary approved for securities trading or securities lending activities, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (c) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (d) providing trustee or custodian services for or on behalf of any unit trust, the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (e) providing custodian services for or on behalf of any foreign mutual fund corporation, the funds of which are invested in designated investments, where the payments for the custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (f) providing trustee or custodian services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (g) providing custodian services in respect of stocks or shares, denominated in currencies other than the Singapore dollar, of companies which are neither incorporated nor resident in Singapore, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (h) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (i) loans in foreign currencies, other than bonds and debentures specified in paragraph (m), made to persons outside Singapore to be used outside Singapore, where the interest on such loans is not borne, directly or indirectly, by a person resident in Singapore or a permanent

THE SCHEDULE — *continued*

- establishment in Singapore, except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;
- (j) opening, advising or confirming letters of credit relating to offshore trade transactions;
 - (k) financing or re-financing offshore trade transactions with or without letters of credit;
 - (l) transactions in foreign currencies with banks or branch offices outside Singapore or with other Asian Currency Units in Singapore with regard to any of the following:
 - (i) loans;
 - (ii) placement of funds;
 - (iii) bankers' acceptances on bills relating to offshore trade transactions;
 - (iv) bills relating to offshore trade transactions;
 - (v) negotiable certificates of deposit;
 - (m) managing, underwriting or selling (as a member of a selling group) the following types of securities denominated in any foreign currency:
 - (i) Asian Dollar Bonds approved by the Minister under section 13(1)(v) of the Act;
 - (ii) Asian Dollar Bonds and other bonds and debentures where the interest on such bonds or debentures is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore; and
 - (iii) fixed or floating rate notes and fixed or floating rate negotiable certificates of deposit issued by banks;
 - (n) transacting, broking and investing in securities specified in paragraph (m);
 - (o) providing advisory services relating to financial matters to persons outside Singapore (excluding corporate advisory services), where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore, except in respect of any business carried on outside

THE SCHEDULE — *continued*

Singapore by a person resident in Singapore through a permanent establishment outside Singapore;

- (p) foreign exchange transactions in currencies other than the Singapore dollar, with banks or branch offices or other persons outside Singapore or with other Asian Currency Units in Singapore;
- (q) transactions in gold bullion, gold futures, silver bullion, silver futures, platinum bullion, platinum futures or financial futures, in foreign currencies, with —
 - (i) an Asian Currency Unit of another financial institution;
 - (ii) a futures member of the Singapore Exchange;
 - (iii) a person who is neither a resident of nor a permanent establishment in Singapore; or
 - (iv) a branch office outside Singapore of a company resident in Singapore;
- (r) 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 on whose behalf, as well as the party in whose favour, the facility is issued is —
 - (A) an Asian Currency Unit of a financial institution;
 - (B) a person who is neither a resident of nor a permanent establishment in Singapore; or
 - (C) a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment; and
 - (ii) in the case of services relating to remittances, the person for whom, as well as the person to whom, the remittances are made is —
 - (A) an Asian Currency Unit of a financial institution; or
 - (B) a person who is neither a resident of nor a permanent establishment in Singapore,

and where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore (other than an Asian Currency Unit of a financial institution) or by a permanent establishment in Singapore (other than an Asian Currency Unit of a

THE SCHEDULE — *continued*

financial institution), except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;

(s) providing services as an intermediary in connection with transactions relating to derivatives (other than those specified in paragraphs (i) to (r), and interest rate and currency swaps), in currencies other than the Singapore dollar, for —

- (i) an Asian Currency Unit of another financial institution;
- (ii) a person who is neither a resident of nor a permanent establishment in Singapore;
- (iii) a branch office outside Singapore of a company resident in Singapore; or
- (iv) an Approved Securities Company,

where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore (other than an Asian Currency Unit of a financial institution) or by a permanent establishment in Singapore (other than an Asian Currency Unit of a financial institution), except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;

(t) trading in derivatives specified in paragraph (s), in currencies other than the Singapore dollar, with —

- (i) an Asian Currency Unit of another financial institution;
- (ii) a person who is neither a resident of nor a permanent establishment in Singapore;
- (iii) a branch office outside Singapore of a company resident in Singapore; or
- (iv) an Approved Securities Company;

(u) provision of services by a financial institution with an Asian Currency Unit to any non-resident holder of a credit or charge card, in connection with the use of the card, where —

- (i) the billing for the transactions for which the card is used is denominated in any foreign currency;
- (ii) the card is used outside Singapore for the purposes of making payments to a person outside Singapore who is neither resident in Singapore nor a permanent establishment in Singapore; and

THE SCHEDULE — *continued*

- (iii) the payments for such services to the Asian Currency Unit of the financial institution are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore;
- (v) trading in any debt securities;
- (w) investing in qualifying debt securities;
- (x) providing services as an intermediary in connection with any transaction involving interest rate or currency swaps;
- (y) trading in interest rate or currency swaps;
- (z) services (including services as a broker, nominee or custodian) on behalf of a person who is neither resident in Singapore nor a permanent establishment in Singapore in connection with transactions relating to —
 - (i) stocks, shares, bonds and other securities which are —
 - (A) denominated in any foreign currency, and issued by a company which is neither incorporated in Singapore nor resident in Singapore; or
 - (B) listed on the Singapore Exchange in any foreign currency, and issued by a company which —
 - (BA) is incorporated in Singapore;
 - (BB) has at least 50% of its turnover derived from outside Singapore; and
 - (BC) is approved for the purpose of the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) by the Minister or approving authority;
 - (ii) negotiable certificates of deposit denominated in any foreign currency;
 - (iii) Asian Dollar Bonds; or
 - (iv) bonds denominated in any foreign currency issued by any foreign government,

where the payments for the services and other expenses in connection with such transaction are not borne, directly or indirectly, by a person

THE SCHEDULE — *continued*

resident in Singapore or by a permanent establishment in Singapore of a non-resident person;

- (za) services as a broker on behalf of an Equity Capital Market Intermediary in connection with the sale of the securities specified in paragraph (z) which are owned by that Equity Capital Market Intermediary to —
- (i) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
 - (ii) another Equity Capital Market Intermediary approved for securities trading or securities lending activities; or
 - (iii) a foreign investor, in respect of any sale transacted —
 - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
 - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (zb) services as a nominee or custodian on behalf of an Equity Capital Market Intermediary in connection with transactions relating to the securities specified in paragraph (z) which are owned by that Equity Capital Market Intermediary;
- (zc) the sale of stocks, shares, bonds and other securities referred to in paragraph (z) to —
- (i) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
 - (ii) an Equity Capital Market Intermediary approved for securities trading or securities lending activities; or
 - (iii) a foreign investor, in respect of any sale transacted —
 - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
 - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (zd) the loan of securities specified in paragraph (z)(i) or (iv) under a securities lending arrangement in writing to —
- (i) an Equity Capital Market Intermediary approved for securities trading or securities lending activities;

THE SCHEDULE — *continued*

- (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
- (iii) a branch office outside Singapore of a bank resident in Singapore which has an Asian Currency Unit; or
- (iv) a foreign investor, where such loans are transacted —
 - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
 - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (ze) services on behalf of a company which is neither incorporated in Singapore nor resident in Singapore (excluding a permanent establishment in Singapore of such a company) in respect of the arrangement, underwriting, management and placement of securities by such a company, where —
 - (i) such securities are denominated in any foreign currency;
 - (ii) the placement of such securities is with persons who are neither resident in Singapore nor permanent establishments in Singapore; and
 - (iii) the payment for such services and other expenses in connection with the issue of such securities are not borne, directly or indirectly, by a person who is resident in Singapore or a permanent establishment in Singapore;
- (zf) services on behalf of a company which —
 - (i) is incorporated in Singapore;
 - (ii) has at least 50% of its turnover derived from outside Singapore; and
 - (iii) is approved for the purpose of the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004 by the Minister or approving authority,

in respect of the arrangement, underwriting, management and placement of —

 - (A) securities by the company which are listed on the Singapore Exchange in any foreign currency; or

THE SCHEDULE — *continued*

- (B) an initial public offering by the company of securities for the purpose of a listing on the Singapore Exchange in any foreign currency;
- (zg) providing corporate advisory services to persons outside Singapore, except where the payments for such services are borne, directly or indirectly, by a person who is resident in Singapore or by a permanent establishment in Singapore of a non-resident person.

Made this 17th day of November 2005.

LIM SIONG GUAN
*Permanent Secretary,
Ministry of Finance,
Singapore.*

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