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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL DEVELOPMENT) (AMENDMENT NO. 2) NOTIFICATION 2020

In exercise of the powers conferred by section 13(4) of the Income Tax Act, the Minister for Finance makes the following Notification:

Citation and commencement

1.—(1) This Notification is the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (Amendment No. 2) Notification 2020 and, except for paragraphs 2(a), (c), (e), (f), (h) and (j), 3(a), (b), (c), (d), (f), (g) and (h), 4(a), (b), (d), (e), (g), (i), (k), (l) and (m), 5, 6(a) to (d), (f), (g), (h) and (j) and 7, is deemed to have come into operation on 1 October 2015.

(2) Paragraphs 2(a), (c) and (f), 3(a), (b), (d) and (h), 4(a), (i), (k) and (m) and 6(a), (b), (c), (h) and (j) are deemed to have come into operation on 28 October 2003.

(3) Paragraphs 3(c), (f) and (g), 4(b), (d), (e), (g) and (l) and 6(d), (f) and (g) are deemed to have come into operation on 18 February 2005.

(4) Paragraph 7 is deemed to have come into operation on 25 March 2016.

(5) Paragraph 2(h) and (j) is deemed to have come into operation on 10 March 2017.

(6) Paragraphs 2(e) and 5 are deemed to have come into operation on 1 January 2019.

Amendment of paragraph 2

2. Paragraph 2 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (No. 2) Notification 2003 (G.N. No. S 499/2003) (called in this Notification the principal Notification) is amended —

(a) by deleting the definition of “approved Finance and Treasury Centre” and substituting the following definition:

““approved Finance and Treasury Centre”, in relation to a company, means a Finance and Treasury Centre of the company, being a Finance and Treasury Centre that is approved for the purposes of section 43G of the Act;”;

(b) by deleting the definition of “approved headquarters company”;

(c) by inserting, immediately before the definition of “bond”, the following definition:

““approved office or approved associated company” —

(a) in relation to an approved headquarters company, means an office, or an associated company as defined in section 43E(4) of the Act (as the case may be), that has been approved in relation to the headquarters company under section 43E(2)(a) of the Act for the application of the concessionary rate of tax in section 43E(1) of the Act to the headquarters company; and

(b) in relation to a company with an approved Finance and Treasury Centre, means an office, or an associated company as defined in section 43G(3) of the Act (as the

case may be), that has been approved in relation to the Centre under section 43G(2)(a) of the Act for the application of the concessionary rate of tax in section 43G(1) of the Act to the company;”;

- (d) by deleting the definition of “approved office or approved associated company” and substituting the following definition:

““approved office or approved associated company”, in relation to a company with an approved Finance and Treasury Centre, means an office, or an associated company as defined in section 43G(3) of the Act (as the case may be), that has been approved in relation to the Centre under section 43G(2)(a) of the Act for the application of the concessionary rate of tax in section 43G(1) of the Act to the company;”;

- (e) by deleting the definition of “bond” in sub-paragraph (1);
- (f) by deleting the definitions of “office” and “associated company”;
- (g) by deleting the words “, in relation to an approved Finance and Treasury Centre,” in the definitions of “qualifying activities” and “qualifying services”;
- (h) by deleting the definitions of “qualifying activities” and “qualifying services”;
- (i) by deleting the definitions of “qualifying services” and “qualifying treasury, investment or financial activities”; and
- (j) by renumbering the paragraph as sub-paragraph (1) of that paragraph, and by inserting immediately thereafter the following sub-paragraph:

“(2) In this Notification —

- (a) the qualifying activities or qualifying services of an approved Finance and Treasury Centre whose approval is given or extended before 21 February 2017 are, during the period for which the approval was given or extended, the “qualifying activities” or “qualifying services” (as the case may be) as defined in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations (Rg 18); and
- (b) the qualifying activities or qualifying services of an approved Finance and Treasury Centre whose approval is given or extended on or after 21 February 2017 are, during the period for which the approval was given or extended, the “qualifying activities” or “qualifying services” (as the case may be) as defined in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations 2017 (G.N. No. S 88/2017).”.

Amendment of paragraph 3

3. Paragraph 3 of the principal Notification is amended —

- (a) by deleting the words “or such person as he may appoint for the purpose of this Notification” in sub-paragraph (1);
- (b) by deleting the words “which a company for the time being approved as an approved headquarters company or an approved Finance and Treasury Centre (as the case may be)” in sub-paragraph (1) and substituting the words “that an approved headquarters company, or a company with an approved Finance and Treasury Centre,”;

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- (c) by deleting the words “, or a company with an approved Finance and Treasury Centre, is liable to pay on or after 5th September 2000” in sub-paragraph (1) and substituting the words “is liable to pay on or after 5 September 2000, or that a company with an approved Finance and Treasury Centre is liable to pay on or after 5 September 2000 but before 18 February 2005,”;
- (d) by deleting sub-paragraph (i) of sub-paragraph (1)(b) and substituting the following sub-paragraph:
- “(i) any approved office or approved associated company outside Singapore;”;
- (e) by deleting sub-paragraph (1);
- (f) by inserting, immediately before sub-paragraph (2), the following sub-paragraph:
- “(1A) Subject to sub-paragraph (2) and such conditions as may be imposed by the Minister, the interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 on any loan, is exempt from tax if the loan is from —
- (a) any approved office or approved associated company outside Singapore;
- (b) any bank outside Singapore; or
- (c) any non-bank financial institution outside Singapore which is not its office or associated company.”;
- (g) by inserting, immediately after the words “sub-paragraph (1)” in sub-paragraph (2), the words “or (1A)”;
- (h) by deleting sub-paragraph (b) of sub-paragraph (2) and substituting the following sub-paragraph:
- “(b) in the case of a company with an approved Finance and Treasury Centre, for the

qualifying activities or qualifying services of the approved Finance and Treasury Centre.”; and

- (i) by deleting sub-paragraph (2) and substituting the following sub-paragraph:

“(2) The funds obtained from any loan mentioned in sub-paragraph (1A) are to be used for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.”.

Amendment of paragraph 4

4. Paragraph 4 of the principal Notification is amended —

- (a) by deleting sub-paragraph (1) and substituting the following sub-paragraph:

“(1) Subject to sub-paragraphs (2) and (3) and such conditions as may be imposed by the Minister, the interest that an approved headquarters company or a company with an approved Finance and Treasury Centre is liable to pay on or after 5 September 2000 on any bond, is exempt from tax if —

- (a) the bond is denominated in currencies other than Singapore dollars;
- (b) the bond is held by a person who is not resident in Singapore; and
- (c) the approval of the approved headquarters company or of the approved Finance and Treasury Centre (as the case may be) as such is granted before 30 September 2005.”;

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- (b) by deleting the words “or a company with an approved Finance and Treasury Centre is liable to pay on or after 5 September 2000” in sub-paragraph (1) and substituting the words “is liable to pay on or after 5 September 2000, or that a company with an approved Finance and Treasury Centre is liable to pay on or after 5 September 2000 but before 18 February 2005,”;
- (c) by deleting sub-paragraph (1);
- (d) by inserting, immediately before sub-paragraph (2), the following sub-paragraph:
- “(1A) Subject to sub-paragraphs (2) and (3) and such conditions as may be imposed by the Minister, the interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 on any bond, is exempt from tax if —
- (a) the bond is held by a person who is not resident in Singapore; and
- (b) the approval of the approved Finance and Treasury Centre as such is granted before 30 September 2005.”;
- (e) by inserting, immediately after the words “sub-paragraph (1)” in sub-paragraph (2), the words “or (1A)”;
- (f) by deleting the words “sub-paragraph (1) or (1A)” in sub-paragraph (2) and substituting the words “sub-paragraph (1A)”;
- (g) by inserting, immediately after the words “sub-paragraph (1)(b)” in sub-paragraph (2)(a), the words “or (1A)(a) (as the case may be)”;
- (h) by deleting the words “sub-paragraph (1)(b) or (1A)(a) (as the case may be)” in sub-paragraph (2)(a) and substituting the words “sub-paragraph (1A)(a)”;

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- (i) by deleting the words “approved Finance and Treasury Centre” in sub-paragraph (2)(b) and substituting the words “the company with the approved Finance and Treasury Centre (as the case may be)”;
- (j) by deleting the words “the approved headquarters company or the company with the approved Finance and Treasury Centre (as the case may be)” in sub-paragraph (2)(b) and substituting the words “the company with the approved Finance and Treasury Centre”;
- (k) by deleting the words “an office or associated company approved for the purposes of this Notification by the Minister or such person as he may appoint” in sub-paragraph (2)(b) and substituting the words “an approved office or approved associated company”;
- (l) by inserting, immediately after the words “sub-paragraph (1)” in sub-paragraph (3), the words “or (1A)”;
- (m) by deleting sub-paragraph (b) of sub-paragraph (3) and substituting the following sub-paragraph:
- “(b) in the case of a company with an approved Finance and Treasury Centre, for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.”; and
- (n) by deleting sub-paragraph (3) and substituting the following sub-paragraph:
- “(3) The funds obtained from any bond mentioned in sub-paragraph (1A) are to be used for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.”.

Deletion of paragraph 4

5. Paragraph 4 of the principal Notification is deleted.

Amendment of paragraph 5

6. Paragraph 5 of the principal Notification is amended —

- (a) by deleting the words “or such person as he may appoint for the purpose of this Notification” in sub-paragraph (1);
- (b) by deleting the words “a company for the time being approved as an approved headquarters company or” in sub-paragraph (1) and substituting the words “an approved headquarters company or a company with”;
- (c) by deleting sub-paragraph (A) of sub-paragraph (1)(ii) and substituting the following sub-paragraph:

“(A) any approved office or associated company outside Singapore;”;

- (d) by deleting sub-paragraph (1) and substituting the following sub-paragraph:

“(1) Subject to sub-paragraph (2) and such conditions as may be imposed by the Minister, any loan rebate fee or price differential —

- (a) that an approved headquarters company is liable to pay on or after 5 September 2000 in respect of a repurchase agreement made before 23 November 2001, or is liable to pay on or after 23 November 2001 in respect of any securities lending or repurchase arrangement; or
- (b) that a company with an approved Finance and Treasury Centre is liable to pay on or after 5 September 2000 but before 18 February 2005 in respect of a repurchase agreement made before 23 November 2001, or is liable to pay on or after 23 November 2001 but before

18 February 2005 in respect of any securities lending or repurchase arrangement,

is exempt from tax if —

- (c) any funds obtained under the repurchase agreement or the securities lending or repurchase arrangement are denominated in currencies other than Singapore dollars; and
- (d) any funds obtained under the repurchase agreement or the securities lending or repurchase arrangement are from —
 - (i) any approved office or associated company outside Singapore;
 - (ii) any bank outside Singapore; or
 - (iii) any non-bank financial institution outside Singapore which is not its office or associated company.”;
- (e) by deleting sub-paragraph (1);
- (f) by inserting, immediately before sub-paragraph (2), the following sub-paragraph:

“(1A) Subject to sub-paragraph (2) and such conditions as may be imposed by the Minister, any loan rebate fee or price differential that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 in respect of any securities lending or repurchase arrangement is exempt from tax, if any funds obtained under the securities lending or repurchase arrangement are from —

- (a) any approved office or approved associated company outside Singapore;
- (b) any bank outside Singapore; or

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- (c) any non-bank financial institution outside Singapore which is not its office or associated company.”;
- (g) by inserting, immediately after the words “sub-paragraph (1)” in sub-paragraph (2), the words “or (1A)”;
- (h) by deleting sub-paragraph (b) of sub-paragraph (2) and substituting the following sub-paragraph:
- “(b) in the case of a company with an approved Finance and Treasury Centre, for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.”;
- (i) by deleting sub-paragraph (2) and substituting the following sub-paragraph:
- “(2) The funds obtained under the securities lending or repurchase arrangement mentioned in sub-paragraph (1A) are to be used (where the agreement or arrangement permits the funds to be so used) for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.”; and
- (j) by deleting sub-paragraph (3) and substituting the following sub-paragraph:
- “(3) Subject to such conditions as may be imposed by the Minister, any borrowing fee or compensatory payment that a company with an approved Finance and Treasury Centre is liable to pay to any person on or after 28 October 2003 under any securities lending or repurchase arrangement, is exempt from tax if that person —
- (a) is not a resident of Singapore; and
- (b) does not have a permanent establishment in Singapore through which the securities

lending or repurchase arrangement is entered into.”.

New paragraph 5A

7. The principal Notification is amended by inserting, immediately after paragraph 5, the following paragraph:

“Exemption in relation to deposits

5A.—(1) The interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 25 March 2016 on any deposit placed with the approved Finance and Treasury Centre by any approved office or approved associated company outside Singapore, is exempt from tax.

(2) The exemption in sub-paragraph (1) is subject to the following conditions:

- (a) the deposit is used for the qualifying activities or qualifying services of the approved Finance and Treasury Centre;
- (b) such other conditions as may be imposed by the Minister.

(3) In this paragraph, “deposit” means a sum of money, not being a loan, paid on terms —

- (a) under which the sum of money will be repaid, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving the payment; and
- (b) which are not referable to the provision of property or services or to the giving of security.”.

Made on 26 August 2020.

TAN CHING YEE
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Ministry of Finance,
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