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INCOME TAX ACT
(CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF
TAX FOR FINANCIAL SECTOR INCENTIVE COMPANIES)
(AMENDMENT) REGULATIONS 2017

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.—(1) These Regulations are the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) (Amendment) Regulations 2017 and, except for regulations 2(*d*) to (*i*), 3, 4, 5, 6(*a*) and (*b*), 7 and 8, are deemed to have come into operation on 1 April 2015.

(2) Regulation 7 is deemed to have come into operation on 16 February 2008.

(3) Regulation 6(*b*) is deemed to have come into operation on 7 July 2010.

(4) Regulations 2(*g*) and (*i*), 6(*a*) and 8 are deemed to have come into operation on 29 May 2015.

(5) Regulations 2(*e*), (*f*) and (*h*), 4(*a*) to (*d*) and (*f*) and 5 are deemed to have come into operation on 1 April 2016.

(6) Regulation 2(*d*) is deemed to have come into operation on 11 April 2016.

(7) Regulations 3 and 4(*e*) are deemed to have come into operation on 1 June 2017.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2005 (G.N. No. S 735/2005) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately before the definition of “approved company”, the following definitions:

““approved 1st tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by the master fund of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;

“approved 2nd tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by an approved 1st tier SPV of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;”;

(b) by inserting, immediately after the definition of “approved master-feeder fund structure”, the following definition:

““approved master-feeder fund-SPV structure” means a master-feeder fund-SPV structure approved under section 13X of the Act;”;

(c) by inserting, immediately after the definition of “approved master fund”, the following definition:

““approved master fund-SPV structure” means a master fund-SPV structure approved under section 13X of the Act;”;

(d) by deleting the word “Non-residents” in the definitions of “approved start-up fund manager”, “designated investments” and “designated person” and “prescribed person” and substituting in each case the words “Prescribed Persons”;

(e) by inserting, immediately after the definition of “designated securities”, the following definition:

““eligible holding company” has the same meaning as in regulation 2 of the Income Tax (Exemption of Income of Foreign Trusts) Regulations (Rg 24);”;

(f) by inserting, immediately after the definition of “financial sector incentive (standard tier) company”, the following definitions:

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

“foreign account” has the same meaning as in section 13O of the Act;”;

(g) by deleting the words “last day” in the definition of “non-qualifying investor” and substituting the words “relevant day”;

(h) by inserting, immediately after the definition of “offshore trade transaction”, the following definition:

““philanthropic purpose trust” has the same meaning as in section 13O of the Act;”;

(i) by inserting, immediately after the definition of “related party”, the following definition:

“ “relevant day”, in relation to the basis period for a year of assessment, means —

(a) in relation to a prescribed person —

(i) the last day of the basis period;

(ii) if on a day within that basis period, the prescribed person becomes an approved person under section 13X(1)(a) of the Act, the day immediately before that day; or

(iii) if on a day within that basis period, the prescribed person becomes the approved master fund or an approved feeder fund of —

(A) an approved master-feeder fund structure under section 13X(1)(b) of the Act;

(B) an approved master-feeder fund-SPV structure under section 13X(1)(c) of the Act; or

(C) an approved master fund-SPV structure under section 13X(1)(d) of the Act,

the day immediately before that day; or

(b) in relation to an approved company —

- (i) the last day of the basis period; or
- (ii) if within that basis period, the approved company ceases to be so approved, the last day it was so approved;” and

(j) by inserting, immediately after the definition of “shipping enterprise”, the following definition:

““special purpose vehicle” has the same meaning as in section 13X(5) of the Act;”.

New regulation 2A

3. The principal Regulations are amended by inserting, immediately after regulation 2, the following regulation:

“Application

2A. These Regulations apply to every finance sector incentive company that is approved as such under regulation 3(1) or (5) before 1 June 2017, until the expiry of the period of the approval.”.

Amendment of regulation 3

4. Regulation 3 of the principal Regulations is amended —

(a) by deleting the full-stop at the end of sub-paragraph (p) of paragraph (1) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:

“(q) a financial sector incentive (trustee companies) company.”;

(b) by deleting the words “and (5A)” in paragraph (3) and substituting the words “, (5A) and (5B)”;

(c) by inserting, immediately after the words “paragraphs (5A)” in paragraph (5), “, (5B)”;

(d) by inserting, immediately after paragraph (5A), the following paragraph:

“(5B) The period of approval of a company as a financial sector incentive (trustee companies) company is 5 years.”;

(e) by deleting the words “1 January 2019” in paragraph (6)(d) and (e) and substituting in each case the words “1 June 2017”; and

(f) by deleting the full-stop at the end of sub-paragraph (v) of paragraph (6)(e) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:

“(vi) a financial sector incentive (trustee companies) company.”.

New regulation 4B

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

“12% tax payable on qualifying income of financial sector incentive (trustee companies) company derived on or after 1 April 2016

4B.—(1) Subject to paragraph (2), tax is payable at the rate of 12% on the income of a financial sector incentive (trustee companies) company derived on or after 1 April 2016 from providing any of the following services:

- (a) trustee or custodian services in the company’s capacity as a trustee of a relevant foreign trust, or as a trustee of a philanthropic purpose trust in respect of a foreign account;
- (b) trustee or custodian services for or on behalf of any unit trust —
 - (i) which is also a trust fund that is a foreign investor; and

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- (ii) the funds of which are invested in designated investments;
 - (c) trustee or custodian services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments;
 - (d) custodian services for or on behalf of any foreign mutual fund corporation, where the funds of the foreign mutual fund corporation are invested in designated investments;
 - (e) trust management or administration services provided to a trustee of a relevant foreign trust, to any eligible holding company of a relevant foreign trust, or to a trustee of a philanthropic purpose trust in respect of a foreign account;
 - (f) trustee services in respect of the issue of units of —
 - (i) a foreign collective investment scheme; or
 - (ii) a foreign business trust,where the proceeds of the issue of the units are used outside Singapore;
 - (g) custodian services in respect of —
 - (i) any qualifying debt securities;
 - (ii) any foreign debt securities;
 - (iii) any foreign equity securities;
 - (iv) any units in a foreign collective investment scheme; or
 - (v) any units in a foreign business trust.

(2) Paragraph (1) does not apply to any payment for the services mentioned in paragraph (1)(a) to (f), that is borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (excluding, in the case of services mentioned in sub-paragraph (a), (b), (e) or (f) of paragraph (1), payment by a trustee of the trust mentioned in that sub-paragraph where the trustee is incorporated, resident or registered in Singapore).”.

Amendment of regulation 6

6. Regulation 6 of the principal Regulations is amended —

- (a) by deleting the words “last day” in paragraph (4)(a), (b), (d) and (e) and substituting in each case the words “relevant day”;
- (b) by inserting, immediately after the word “including” in paragraph (4B)(b), the word “through”; and
- (c) by inserting, immediately after paragraph (4B), the following paragraph:

“(4C) Subject to this regulation, tax is payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 1 April 2015 from any of the following activities:

- (a) managing the funds of the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure, for the purpose of any designated investments;
- (b) providing investment advisory services to the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure in respect of any designated investments (including

through a fund manager outside Singapore);

- (c) managing the funds of the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure, for the purpose of any designated investments;
- (d) providing investment advisory services to the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure in respect of any designated investments (including through a fund manager outside Singapore).”.

Amendment of Second Schedule

7. Paragraph 3 of the Second Schedule to the principal Regulations is amended by deleting the words “or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186)” and substituting the words “, a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), or a financial sector incentive (credit facilities syndication) company that holds a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities or that is exempt under that Act from holding such a licence”.

Amendment of Fifth Schedule

8. Paragraph 1 of the Fifth Schedule to the principal Regulations is amended by deleting the words “last day” in sub-paragraphs (o), (p), (v) and (w) and substituting in each case the words “relevant day”.

*[G.N. Nos. S 260/2006; S 586/2008; S 54/2010;
S 835/2010; S 638/2011; S 212/2016]*

Made on 21 December 2017.

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