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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL DEVELOPMENT) (AMENDMENT NO. 5) NOTIFICATION 2018

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. This Notification is the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (Amendment No. 5) Notification 2018 and comes into operation on 10 December 2018.

Amendment of paragraph 2

2. Paragraph 2 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (No. 3) Notification 2006 (G.N. No. S 385/2006) is amended by deleting the full-stop at the end of the definition of “financial sector incentive (derivatives market) company” and substituting a semi-colon, and by inserting immediately thereafter the following definition:

““related party”, in relation to any financial sector incentive (derivatives market) company, means any person who —

- (a) controls the financial sector incentive (derivatives market) company, whether directly or indirectly;
- (b) is controlled by the financial sector incentive (derivatives market) company, whether directly or indirectly; or

- (c) together with the financial sector incentive (derivatives market) company, is controlled by a common person, whether directly or indirectly.”.

Deletion and substitution of paragraph 3

3. Paragraph 3 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (No. 3) Notification 2006 is deleted and the following paragraph substituted therefor:

“Exemption

3.—(1) This paragraph applies to any payment —

- (a) made by a financial sector incentive (derivatives market) company to a person who is not resident in Singapore;
- (b) that is not derived through any operation carried on by the person through the person’s permanent establishment in Singapore; and
- (c) that is liable to be made under a contract for over-the-counter financial derivatives, where —
 - (i) the contract takes effect on a date on or before 31 December 2018; or
 - (ii) the contract is extended or renewed, and the extension or renewal of the contract takes effect on a date on or before 31 December 2018.

(2) Any payment mentioned in sub-paragraph (1) is exempt from tax, subject to —

- (a) such conditions as may be imposed by the Minister; and
- (b) the giving by the financial sector incentive (derivatives market) company of such declaration (in relation to transactions with related parties) as may be required by the Comptroller or the Monetary

Authority of Singapore for the purpose of this Notification.”.

Made on 5 December 2018.

TAN CHING YEE
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Ministry of Finance,
Singapore.*

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