

**INCOME TAX ACT
(CHAPTER 134, SECTION 43H)**

**INCOME TAX (CONCESSIONARY RATE OF TAX
FOR APPROVED INTERNATIONAL COMMODITY
TRADING COMPANIES) REGULATIONS**

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
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 4. Concessionary rate of tax
 5. Determination of income chargeable to tax
- The Schedule
-

[11th September 1992]

Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved International Commodity Trading Companies) Regulations and shall have effect for the year of assessment 1991 and subsequent years of assessment.

Definitions

2. In these Regulations —

“approved commodity exchange” means any commodity exchange which is approved for the purposes of these Regulations by the Minister or such other person as he may appoint;

“commodity” means any of the commodities specified in the Schedule;

“commodity futures trading” means trading in commodity futures contracts or options in any commodity on any approved commodity exchange carried out by an approved

international commodity trading company in accordance with the rules and regulations or customs and practices of that exchange with —

- (a) an Asian Currency Unit of a financial institution;
- (b) a member of Singapore Commodity Exchange Limited;

[S 481/96 wef 20/01/1994]

- (c) a person who is neither a resident of nor a permanent establishment in Singapore;
- (d) a branch office outside Singapore of a company resident in Singapore; or
- (e) another approved international commodity trading company;

“over the counter hedging transaction” means any transaction, other than a transaction carried out on any approved commodity exchange, in commodity swaps or options including caps, collars, floors and swap options, where —

- (a) the consideration or other payment in the transaction is calculated on the basis of the price of any commodity;
- (b) the transaction is in connection with and incidental to any physical trading; and
- (c) the transaction is carried out by an approved international commodity trading company with —
 - (i) another approved international commodity trading company;
 - (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 Asian Currency Unit of a financial institution;

“physical trading” means trading in any commodity on a spot or forward basis where the intention of the parties at the time of

the transaction is that actual delivery of the commodity is required, whether or not it is actually made, and where the commodity is purchased by an approved international commodity trading company from and sold to —

- (a) another approved international commodity trading company;
- (b) a person who is neither a resident of nor a permanent establishment in Singapore; or
- (c) a branch office outside Singapore of a company resident in Singapore,

but excludes any transaction in which the commodity is purchased for the purposes of consumption in Singapore;

“qualifying transaction” means any of the following transactions carried out by an approved international commodity trading company in currencies other than Singapore dollars —

- (a) physical trading;
- (b) commodity futures trading; or
- (c) over the counter hedging transaction.

Approved international commodity trading company

3.—(1) The Minister may approve any international commodity trading company for the purposes of section 43H of the Act for such period not exceeding 5 years and for such commodities as he may specify in writing.

(2) The Minister may in any particular case extend the period so specified for such further periods, not exceeding 5 years at any one time, as he thinks fit.

Concessionary rate of tax

4.—(1) Subject to paragraph (3), tax shall be payable at the rate of 10% on income of an approved international commodity trading company from —

- (a) profits from qualifying transactions in commodities specified by the Minister under regulation 3(1);

(b) commission and fees from acting as a broker in physical trading in commodities specified by the Minister under regulation 3(1) between any of the following persons:

- (i) an approved international commodity trading 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,

but excludes any income attributable to activities carried out in Singapore which add value to the commodities specified by the Minister under regulation 3(1) by any physical alteration, addition or improvement including storage, blending, processing and bulk-breaking.

(2) Paragraph (1) shall apply in relation to an approved international commodity trading company from such date as the Minister may specify.

(3) Paragraph (1) shall not apply to any income derived from any transaction in any commodity specified in the first column of the Schedule carried out before the date corresponding to the commodity specified in the second column thereof.

Determination of income chargeable to tax

5. For the purposes of regulation 4, the Comptroller shall determine —

- (a) the income chargeable to tax of an approved international commodity trading company having regard to such expenses, donations and allowances under sections 19, 19A, 20, 21, 22 or 23 of the Act as are, in his opinion, to be deducted in ascertaining such income;
- (b) the manner and extent to which any losses arising from the qualifying transactions and physical trading specified in that regulation may be deducted under section 37 of the Act in ascertaining the chargeable income of an approved international commodity trading company;

- (c) the manner and extent to which income attributable to activities carried out in Singapore which add value to the commodities specified by the Minister under regulation 3(1) by any physical alteration, addition or improvement (including storage, blending, processing and bulk-breaking) should be excluded from the income referred to in regulation 4(1).

THE SCHEDULE

Regulation 2

<i>Commodities</i>	<i>With Effect From</i>
1. Agricultural commodities and bulk edible products	1st January 1990.
2. Building and industrial materials	1st January 1990.
3. Consumer products	1st August 1992.
4. Industrial products	1st August 1992.
5. Machinery components	1st January 1990.
6. Minerals	1st January 1990.
7. Electronic and electrical products	1st March 1996.

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[G.N. No. S 397/1992]

LEGISLATIVE HISTORY
INCOME TAX (CONCESSIONARY RATE OF TAX
FOR APPROVED INTERNATIONAL COMMODITY
TRADING COMPANIES) REGULATIONS
(CHAPTER 134, RG 14)

This Legislative History is provided for the convenience of users of the Income Tax (Concessionary Rate of Tax for Approved International Commodity Trading Companies) Regulations. It is not part of these Regulations.

1. G. N. No. S 397/1992 — Income Tax (Concessionary Rate of Tax for Approved International Commodity Trading Companies) Regulations 1992

Date of commencement : 11 September 1992

2. 1993 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved International Commodity Trading Companies) Regulations

Date of operation : 1 April 1993

3. G. N. No. S 481/1996 — Income Tax (Concessionary Rate of Tax for Approved International Commodity Trading Companies) (Amendment) Regulations 1996

Date of commencement : 20 January 1994

4. G. N. No. S 481/1996 — Income Tax (Concessionary Rate of Tax for Approved International Commodity Trading Companies) (Amendment) Regulations 1996

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