

INCOME TAX ACT
(CHAPTER 134, SECTION 43C)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR
APPROVED OFFSHORE COMPOSITE INSURERS)
REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
2. Definitions
3. Approval of insurer
- 3A. Previously approved insurers
4. Approval of marine hull and liability insurer
- 4A. Approval of captive insurer
- 4B. Approval of specialised insurer
- 4C. Approval of takaful insurer
5. Concessionary rate of tax for approved insurer
- 5A. Concessionary rate of tax for income of approved takaful insurer
- 5B. Concessionary rate of tax for income of approved marine hull and liability insurer
6. Calculation of dividends, interest and gains from sale of offshore investments for approved insurer
- 6A. Calculation of dividends, qualifying return in lieu of interest and gains from sale of offshore investments for approved takaful insurer
7. Income of approved marine hull and liability insurer exempt from tax
- 7A. Income of approved captive insurer exempt from tax
- 7B. Income of approved specialised insurer exempt from tax
8. Apportionment of expenses, allowances and donations
9. Determination of income exempted from tax
10. Apportionment of income between policyholders and shareholders

[5th May 1995]

Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) Regulations and shall have effect for the year of assessment 1996 and subsequent years of assessment.

[S 80/2009, wef Y/A 2005 & Sub Ys/A]

Definitions

2.—(1) In these Regulations —

“approved captive insurer” means any captive insurer approved under regulation 4A;

[S 80/2009 wef 17/02/2006]

“approved insurer” means any insurer approved under regulation 3;

[S 80/2009, wef Y/A 2005 & Sub Ys/A]

“approved marine hull and liability insurer” means any insurer approved under regulation 4;

[S 80/2009, wef Y/A 2005 & Sub Ys/A]

“approved specialised insurer” means any insurer approved under regulation 4B;

[S 80/2009 wef 01/09/2006]

“approved takaful insurer” means any insurer approved under regulation 4C;

[S 747/2010 wef 01/04/2008]

“capital allowances” means the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act;

“captive insurer” has the same meaning as in section 1A of the Insurance Act (Cap. 142);

[S 80/2009 wef 17/02/2006]

“catastrophe excess of loss policy” means an insurance policy where the insurer is liable for any amount above an amount stated in the policy in respect of any loss arising from a natural catastrophe;

[S 319/2016 wef 25/02/2013]

“general insurance business” means the business (other than the business of life assurance) of insuring and reinsuring any risk, including offshore risks;

[S 212/2013 wef 19/02/2011]

“interest from ACU deposits” means interest derived from deposits with an Asian Currency Unit in Singapore;

“marine hull and liability business” means the business of insuring and reinsuring risks involving marine hull and liability but excludes cargo, energy and aviation risks;

[S 659/2004 wef Y/A 2004 & Sub Ys/A]

“offshore captive insurance business” means the offshore general insurance business and offshore life business in relation to the risks of related companies, including third party offshore risks underwritten in the course of and incidental to the captive insurance business;

[S 80/2009 wef 17/02/2006]

“offshore general insurance business” means the business (other than the business of life insurance) of insuring and reinsuring offshore risks;

“offshore investments” means —

- (a) stocks and shares denominated in any foreign currency of companies not incorporated and not resident in Singapore;
- (b) securities, other than stocks and shares, denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies not incorporated and not resident in Singapore;
- (c) futures contracts denominated in any foreign currency made in any futures exchange;
- (d) any immovable property situated outside Singapore;
- (e) certificates of deposit, notes and bonds issued by Asian Currency Units in Singapore;

(f) Asian Dollar Bonds approved under section 13(1)(v) of the Act; and

(g) foreign currency deposits with financial institutions outside Singapore;

“offshore life business”, “offshore life policies” and “participating fund” have the same meanings as in section 26(12) of the Act;

[S 80/2009 wef Y/A 2006 & Sub Ys/A]

“offshore marine hull and liability business” means the business of insuring and reinsuring offshore risks involving marine hull and liability but excludes cargo, energy and aviation risks;

[S 80/2009 wef 01/09/2006]

“offshore qualifying specialised insurance business” means the business of insuring and reinsuring offshore qualifying specialised insurance risks;

[S 80/2009 wef 01/09/2006]

“offshore qualifying specialised insurance risks” means any of the following risks that are offshore risks:

(a) terrorism risks;

(b) political risks;

(c) energy risks;

(d) aviation and aerospace risks;

(e) agriculture risks;

(f) risks arising from a natural catastrophe;

[S 319/2016 wef 25/02/2013]

“participating policy” has the same meaning as in paragraph 6A of the First Schedule to the Insurance Act ;

[S 80/2009, wef Y/A 2006 & Sub Ys/A]

[S 747/2010 wef 01/04/2008]

“qualifying return in lieu of interest” means any return in lieu of interest from investing in products endorsed by any Shari’ah

council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law.

[S 659/2004 wef Y/A 2004 & Sub Ys/A]

[S 747/2010 wef 01/04/08]

(2) In these Regulations, a reference to insuring, reinsuring or underwriting an offshore qualifying specialised insurance risk that is a risk arising from a natural catastrophe is a reference to insuring, reinsuring or underwriting (as the case may be) such risk by means of a catastrophe excess of loss policy.

[S 319/2016 wef 25/02/2013]

Approval of insurer

3.—(1) The Minister or such person as he may appoint may, upon application by any insurer registered under the Insurance Act (Cap. 142) to carry on both general insurance business and life insurance business and if he considers it expedient in the public interest to do so, during the period from 1st April 2010 to 31st March 2015, approve the insurer as an approved insurer for the purposes of these Regulations.

(2) Any approval under paragraph (1) shall be for such period not exceeding 10 years as the Minister or such person as is appointed under paragraph (1) may specify.

[S 102/2011 wef 01/04/2010]

Previously approved insurers

3A.—(1) Where an insurer registered under the Insurance Act (Cap. 142) was, on 31st March 2010, an approved insurer under regulation 3 as in force before 1st April 2010, it shall remain approved as an approved insurer under regulation 3 until 1st August 2010 unless —

- (a) the insurer makes an application to the Minister, or such other person as he may appoint, on or before 31st July 2010 to continue to be an approved insurer, supported by a declaration made by the insurer in a form determined by the MAS; and

(b) the Minister or that other person, if he considers it expedient in the public interest to do so, approves the insurer as an approved insurer under regulation 3.

(2) Any approval under paragraph (1) shall be for such period not exceeding 10 years starting from 1st April 2010 as the Minister or the other person referred to in that paragraph may specify, and shall be subject to such terms and conditions as the Minister or that person may think fit to impose.

(3) In this regulation, “MAS” means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act (Cap. 186).

[S 102/2011 wef 01/04/2010]

Approval of marine hull and liability insurer

4.—(1) The Minister or such person as he may appoint may, upon application by any insurer carrying on marine hull and liability business and if he considers it expedient in the public interest to do so, approve the insurer as an approved marine hull and liability insurer.

(2) No approval shall be granted under paragraph (1) after 31st March 2016.

(3) Any approval under paragraph (1) shall be for such period not exceeding 10 years as the Minister or such person as he may appoint may specify.

[S 212/2013 wef 19/02/2011]

Approval of captive insurer

4A.—(1) The Minister or such person as he may appoint may, upon application by any captive insurer and if he considers it expedient in the public interest to do so, during the period from 17th February 2006 to 31st March 2018, approve the insurer as an approved captive insurer.

[S 212/2013 wef 16/02/2011]

(2) Any approval under paragraph (1) shall be for such period not exceeding 10 years as the Minister or such person as he may appoint may specify.

[S 80/2009 wef 17/02/2006]

Approval of specialised insurer

4B.—(1) The Minister or such person as he may appoint may, upon application by any insurer underwriting offshore qualifying specialised insurance risks and if he considers it expedient in the public interest to do so, during the period from 1st September 2006 to 31st August 2016 approve the insurer as an approved specialised insurer.

[S 212/2013 wef 31/08/2011]

(2) Any approval under paragraph (1) shall be for such period not exceeding 5 years as the Minister or such person as he may appoint may specify.

[S 80/2009 wef 01/09/2006]

Approval of takaful insurer

4C.—(1) The Minister or such person as he may appoint may, upon application by any insurer registered under the Insurance Act (Cap. 142) to carry on both general takaful business and life takaful business and if he considers it expedient in the public interest to do so, during the period from 1st April 2008 to 31st March 2013, approve the insurer as an approved takaful insurer for the purposes of these Regulations.

(2) Any approval under paragraph (1) shall be for such period not exceeding 5 years as is specified by the Minister or the person appointed under paragraph (1).

[S 747/2010 wef 01/04/2008]

Concessionary rate of tax for approved insurer

5.—(1) Tax shall be payable at the rate of 10% on the following income derived by an approved insurer:

- (a) the income derived from accepting general insurance covering offshore risks and reinsurance covering offshore risks;
- (b) the income from insurance funds established and maintained for offshore life policies computed in accordance with section 26(7)(a)(i) of the Act (but excluding the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established under the Insurance Act relating to offshore life policies); and

[S 80/2009 wef 17/02/2008]

- (c) the dividends and interest derived from outside Singapore, the gains or profits realised from the sale of offshore investments, and interest from ACU deposits derived from —
 - (i) subject to paragraph (2), the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for the offshore general insurance business or offshore life business; and
 - (ii) the investment of its shareholders' funds established in Singapore which are used to support the offshore general insurance business or offshore life business as ascertained under regulation 6.

[S 80/2009, wef Y/A 2005 & Sub Ys/A]

[S 212/2013 wef 19/02/2011]

(2) Where the Comptroller is satisfied that any part of the insurance fund referred to in sub-paragraph (c)(i) of paragraph (1) is not required to support the offshore general insurance business or offshore life business of an approved insurer, he may adopt such reduced amount of the dividends, interest and gains or profits under that sub-paragraph as appears to him to be reasonable in the circumstances.

[S 80/2009, wef Y/A 2005 & Sub Ys/A]

[S 747/2010 wef 01/04/2008]

Concessionary rate of tax for income of approved takaful insurer

5A.—(1) Tax shall be payable at the rate of 5% on the following income derived by an approved takaful insurer:

- (a) the income derived from accepting general takaful business covering offshore risks and general re-takaful business covering offshore risks;
- (b) the income from insurance funds established and maintained for offshore life takaful policies computed in accordance with section 26(7)(a)(i) of the Act (but excluding the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established under the Insurance Act (Cap. 142) relating to offshore life takaful contracts); and
- (c) the dividends and qualifying return in lieu of interest derived from outside Singapore, the gains or profits realised from the sale of offshore investments, and qualifying return in lieu of interest from ACU deposits derived from —
 - (i) subject to paragraph (2), the investment of its insurance fund established and maintained under the Insurance Act for the offshore general takaful business or offshore life takaful business; and
 - (ii) the investment of its shareholders' funds established in Singapore which are used to support the offshore general takaful business or offshore life takaful business as ascertained under regulation 6A.

[S 212/2013 wef 19/02/2011]

(2) Where the Comptroller is satisfied that any part of the insurance fund referred to in sub-paragraph (c)(i) of paragraph (1) is not required to support the offshore general takaful business or offshore life takaful business of an approved takaful insurer, he may adopt such reduced amount of the dividends, qualifying return in lieu of interest and gains

or profits under that sub-paragraph as appears to him to be reasonable in the circumstances.

[S 747/2010 wef 01/04/2008]

Concessionary rate of tax for income of approved marine hull and liability insurer

5B.—(1) Tax shall be payable at the rate of 5% on the following income derived by an approved marine hull and liability insurer to which this regulation applies, during the basis period for a year of assessment:

- (a) the underwriting income derived from carrying on marine hull and liability business; and
- (b) the amount of income derived from carrying on marine hull and liability business ascertained by the formula —

$$\left(\frac{P_m}{P_o} \times A\right) + \left(\frac{P_m}{P_o + P_oL} \times C\right) + \left[\frac{P_n}{P_i + P_iL} \times (D - A - B - C)\right],$$

where P_m is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore marine hull and liability business;

P_n is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its marine hull and liability business (other than offshore marine hull and liability business);

P_o is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten

by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore general insurance business;

P_i is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its general insurance business (other than offshore general insurance business);

P_{oL} is the amount of gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore life business;

P_{iL} is the amount of gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its life insurance business (other than offshore life business);

A is the total amount of —

- (i) the dividends and interest it derived from outside Singapore;
- (ii) the gains or profits it realised from the sale of its offshore investments; and
- (iii) the interest from ACU deposits it derived,

from the investment of its insurance fund established and maintained under the

Insurance Act (Cap. 142) for its offshore general insurance business during the basis period;

B is the total amount of —

- (i) the dividends and interest it derived from outside Singapore;
- (ii) the gains or profits it realised from the sale of its offshore investments; and
- (iii) the interest from ACU deposits it derived,

from the investment of its insurance fund established and maintained under the Insurance Act for its offshore life business during the basis period;

C is the total amount of its income referred to in regulation 5(1)(c)(ii) derived during the basis period; and

D is the total amount of the dividends and interest it derived from outside Singapore, the gains or profits realised from the sale of offshore investments, and the interest from ACU deposits it derived, during the basis period from —

- (i) the investment of its insurance funds established and maintained under the Insurance Act for its general insurance business and life insurance business; and
- (ii) the investment of its shareholders' funds established in Singapore which are used to support its general insurance business and life insurance business,

where the reference to the amount of the gains or profits realised by the approved marine hull and liability insurer from the sale of its offshore investments is a reference to the amount (after deducting losses from the gains or profits) realised during the basis period from the sale of offshore investments acquired by the approved marine hull and liability insurer less any expenses directly attributable to the production of such gains or profits allowable under the Act.

(2) This regulation applies to an approved marine hull and liability insurer —

- (a) who had, at any time before 19th February 2011, been approved as an approved marine hull and liability insurer under regulation 4 and the approval had since expired;
- (b) who had been approved again as an approved marine hull and liability insurer under regulation 4 on or after 19th February 2011; and
- (c) who does not satisfy the qualifying conditions which the Minister or such person as he may appoint imposes for the purposes of regulation 7.

(3) Where the Comptroller is satisfied that any part of the insurance funds or shareholders' funds of an approved marine hull and liability insurer is not required to support its marine hull and liability business, he may adopt such reduced amount of the income, dividends, interest and gains or profits (as the case may be) under the definition of "A", "B", "C" or "D" in paragraph (1)(b) as appears to him to be reasonable in the circumstances.

[S 212/2013 wef 19/02/2011]

Calculation of dividends, interest and gains from sale of offshore investments for approved insurer

6.—(1) The dividends and interest under regulation 5(1)(c)(ii) derived by an approved insurer for the basis period for any year of assessment shall be ascertained by the formula —

$$\left(\frac{P_o + P_{oL}}{P_o + P_i + P_{oL} + P_{iL}} \times I \right) - X,$$

where P_o , P_i , P_{oL} and P_{iL} have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved insurer;

I is the total amount of dividends and interest derived from Singapore and elsewhere by the approved insurer during the basis period from the investment of its shareholders' funds established in Singapore less any expenses directly attributable to the production of such dividends and interest allowable under the Act;

X is —

(a) nil, if $\left(\frac{P_i + P_{iL}}{P_o + P_i + P_{oL} + P_{iL}} \times I \right)$ is equal to or greater than Y ; or

(b) $\left(Y - \frac{P_i + P_{iL}}{P_o + P_i + P_{oL} + P_{iL}} \times I \right)$, if Y is greater than $\left(\frac{P_i + P_{iL}}{P_o + P_i + P_{oL} + P_{iL}} \times I \right)$,

where Y is the total amount of dividends and interest derived from Singapore (but excluding interest from ACU deposits) by the approved insurer

during the basis period from the investment of its shareholders' funds established in Singapore, less any expenses directly attributable to the production of such dividends and interest allowable under the Act.

[S 80/2009 wef Y/A 2005 & Sub Ys/A]

[S 212/2013 wef 19/02/2011]

(2) The gains or profits from the sale of offshore investments under regulation 5(1)(c)(ii) derived by an approved insurer for the basis period for any year of assessment shall be ascertained by the formula —

$$\frac{P_o + P_{oL}}{P_o + P_i + P_{oL} + P_{iL}} \times K,$$

where P_o , P_i , P_{oL} and P_{iL} have the same meanings as in paragraph (1); and

K is the amount (after deducting losses from the gains or profits) realised during the basis period from the sale of offshore investments acquired by the approved insurer using its shareholders' funds established in Singapore less any expenses directly attributable to the production of such gains or profits allowable under the Act.

[S 80/2009 wef Y/A 2005 & Sub Ys/A]

[S 212/2013 wef 19/02/2011]

(3) For the purposes of paragraphs (1) and (2), where the Comptroller is satisfied that any part of the shareholders' funds of the approved insurer is not required to support its offshore general insurance business or offshore life business, he may adopt such reduced amount of I or K as appears to him to be reasonable in the circumstances.

[S 80/2009 wef Y/A 2005 & Sub Ys/A]

[S 747/2010 wef 01/04/2008]

Calculation of dividends, qualifying return in lieu of interest and gains from sale of offshore investments for approved takaful insurer

6A.—(1) The dividends and qualifying return in lieu of interest under regulation 5A(1)(c)(ii) derived by an approved takaful insurer for the basis period for any year of assessment shall be ascertained by the formula —

$$\left(\frac{C_o + C_{oL}}{P_o + P_i + P_{oL} + P_{iL}} \times I \right) - X,$$

where C_{oL} is the amount of the gross contributions received or receivable during the basis period in respect of insurance contracts underwritten by the approved takaful insurer in the course of carrying on its business in Singapore from the offshore general takaful business;

C_o is the amount of the gross contributions received or receivable during the basis period in respect of insurance contracts underwritten by the approved takaful insurer in the course of carrying on its business in Singapore from the offshore life takaful business;

P_o , P_i , P_{oL} and P_{iL} have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved takaful insurer; and

I and X have the same meanings as in regulation 6(1), with the references to the approved insurer therein modified to refer to the approved takaful insurer.

[S 212/2013 wef 19/02/2011]

(2) The gains or profits from the sale of offshore investments under regulation 5A(1)(c)(ii) derived by an approved takaful insurer for the basis period for any year of assessment shall be ascertained by the formula —

$$\frac{C_o + C_{oL}}{P_o + P_i + P_{oL} + P_{iL}} \times K,$$

where P_o , P_i , P_{oL} , P_{iL} , C_o and C_{oL} have the same meanings as in paragraph (1); and

K has the same meaning as in regulation 6(2), with the reference to the approved insurer therein modified to refer to the approved takaful insurer.

[S 212/2013 wef 19/02/2011]

(3) For the purposes of paragraphs (1) and (2), where the Comptroller is satisfied that any part of the shareholders' funds of the approved takaful insurer is not required to support its offshore general takaful business or offshore life takaful business, he may adopt such reduced amount of income of I or K as appears to him to be reasonable in the circumstances.

[S 747/2010 wef 01/04/2008]

Income of approved marine hull and liability insurer exempt from tax

7.—(1) Where an approved marine hull and liability insurer satisfies such qualifying conditions as the Minister or such person as he may appoint may impose for the purposes of this regulation, there shall be exempt from tax the following income derived by the approved marine hull and liability insurer for the basis period for any year of assessment:

- (a) the underwriting income derived from carrying on marine hull and liability business; and

[S 212/2013 wef 19/02/2011]

(b) the amount of income derived from carrying on marine hull and liability business ascertained by the formula —

$$\left(\frac{P_m}{P_o} \times A\right) + \left(\frac{P_m}{P_o + P_{oL}} \times C\right) + \left[\frac{P_n}{P_i + P_{iL}} \times (D - A - B - C)\right],$$

where P_m , P_n , P_o , P_i , P_{oL} , P_{iL} , A , B , C regulation 5B(1)(b).
and D

[S 212/2013 wef 19/02/2011]

(2) Where the Comptroller is satisfied that any part of the insurance funds and shareholders' funds is not required to support the marine hull and liability business of an approved marine hull and liability insurer, he may adopt a reduced amount of the dividends, interest and gains or profits under paragraph (1)(b) as appears to him to be reasonable in the circumstances.

[S 659/2004 wef Y/A 2004 & Sub Ys/A]

[S 212/2013 wef 19/02/2011]

Income of approved captive insurer exempt from tax

7A.—(1) There shall be exempt from tax the following income derived by an approved captive insurer (including one who is also an approved insurer) for the basis period for any year of assessment:

- (a) the underwriting income derived from accepting general insurance covering offshore risks (excluding amounts derived from policies covering third party offshore risks not underwritten in the course of, nor incidental to, its captive insurance business);
- (b) income derived from accepting offshore life insurance as computed in accordance with section 26(7)(a)(i) of the Act, excluding —
 - (i) amounts derived from offshore life policies covering third parties which are not underwritten in the course of, nor incidental to, its captive insurance business;
and

- (ii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established under the Insurance Act (Cap. 142) relating to offshore life policies;
- (c) such part of the income referred to in regulation 5(1)(c) as is ascertained by the formula —

$$\frac{P_c}{P_o + P_{oL}} \times E$$

where P_c is the amount of the gross premiums received or receivable during the basis period in respect of offshore life or general policies underwritten by the approved captive insurer in the course of carrying on its offshore captive insurance business in Singapore (excluding amounts received or receivable in respect of offshore life or general policies covering third parties which are not underwritten in the course of, nor incidental to, its captive insurance business);

P_o and P_{oL} have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved captive insurer;

E is the total amount of the income referred to in regulation 5(1)(c) of the approved captive insurer for the basis period less any expenses directly attributable to the production of such income allowable under the Act.

[S 212/2013 wef 19/02/2011]

(2) Where the Comptroller is satisfied that any part of the insurance fund or the shareholders' funds referred to in regulation 5(1)(c) of the approved captive insurer (including one who is also an approved insurer) is not required to support the offshore captive insurance business of such insurer, he may adopt such reduced amount of the

income under paragraph (1)(c) as appears to him to be reasonable in the circumstances.

[S 80/2009 wef 17/02/2006]

Income of approved specialised insurer exempt from tax

7B.—(1) There shall be exempt from tax the following income derived by an approved specialised insurer (including one who is also an approved insurer) for the basis period for any year of assessment:

- (a) the underwriting income derived from accepting offshore qualifying specialised insurance business; and
- (b) such part of the income referred to in regulation 5(1)(c) as is ascertained by the formula —

$$\frac{P_s}{P_o + P_{oL}} \times F$$

where P_s is the amount of the gross premiums received or receivable during the basis period in respect of policies for offshore qualifying specialised insurance risks underwritten by the approved specialised insurer;

P_o and P_{oL} have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved specialised insurer; and

F is the total amount of the income referred to in regulation 5(1)(c) of the approved specialised insurer for the basis period less any expenses directly attributable to the production of such income allowable under the Act.

[S 212/2013 wef 19/02/2011]

(2) Where the Comptroller is satisfied that any part of the insurance fund or the shareholders' funds referred to in regulation 5(1)(c) of the approved specialised insurer (including one who is also an approved insurer) is not required to support the offshore qualifying specialised

insurance business of such insurer, he may adopt such reduced amount of the income under paragraph (1)(b) as appears to him to be reasonable in the circumstances.

[S 80/2009 wef 01/09/2006]

(3) For the purposes of paragraph (1)(b), a policy for risks arising from a natural catastrophe is to be regarded as a policy for offshore qualifying specialised insurance risks only if it is a catastrophe excess of loss policy, and the reference to “offshore qualifying specialised insurance business” in paragraph (2) is to be read accordingly.

[S 319/2016 wef 25/02/2013]

Apportionment of expenses, allowances and donations

8.—(1) Any item of expenditure not directly attributable to the offshore general insurance business or offshore life business of an approved insurer, and capital allowances and donations, allowable to the approved insurer under the Act, shall be apportioned between such business and the other insurance business of the approved insurer; and the portion attributable to such business shall, subject to paragraph (3), be ascertained by using the fraction —

$$\frac{P_o + P_{oL}}{P_o + P_i + P_{oL} + P_{iL}},$$

where P_o , P_i , P_{oL} and P_{iL} have the same meanings as in regulation 6.

[S 80/2009 wef Y/A 2005 & Sub Ys/A]

[S 224/2009 wef 22/05/2009]

(2) Notwithstanding paragraph (1) and subject to paragraph (3), where an approved insurer is also an approved marine hull and liability insurer under regulation 4, an approved captive insurer under regulation 4A, an approved specialised insurer under regulation 4B or an approved takaful insurer under regulation 4C, any item of expenditure not directly attributable to the marine hull and liability business, the offshore captive insurance business, the offshore qualifying specialised insurance business, the offshore takaful business, the offshore general insurance business or the offshore life business of such insurer, and capital allowances and donations allowable to such insurer under the Act, shall be apportioned between

such business and the other insurance business of such insurer in the following manner:

- (a) the portion attributable to marine hull and liability business shall be ascertained by using the fraction —

$$\frac{P_m + P_n}{P_o + P_i + P_{oL} + P_{iL}};$$

- (b) the portion attributable to offshore captive insurance business shall be ascertained by using the fraction —

$$\frac{P_c}{P_o + P_i + P_{oL} + P_{iL}};$$

[S 80/2009 wef 17/02/2006]

- (c) the portion attributable to offshore qualifying specialised insurance business shall be ascertained by using the fraction —

$$\frac{P_s}{P_o + P_i + P_{oL} + P_{iL}};$$

[S 80/2009 wef 01/09/2006]

[S 747/2010 wef 01/04/2008]

- (d) the portion attributable to offshore takaful business shall be ascertained by using the fraction —

$$\frac{C_o + C_{oL}}{P_o + P_i + P_{oL} + P_{iL}}; \text{ and}$$

[S 747/2010 wef 01/04/2008]

- (e) the portion attributable to offshore life business and offshore general insurance business, other than offshore marine hull and liability business, offshore captive insurance business, offshore qualifying specialised insurance business and offshore takaful business, shall be ascertained by using the fraction —

$$\frac{P_o + P_{oL} - P_m - P_c - P_s - C_o - C_{oL}}{P_o + P_i + P_{oL} + P_{iL}},$$

where P_m , P_n , P_o , P_i , P_{oL} and P_{iL} have the same meanings as in regulation 5B(1)(b), with the references to the approved marine hull and liability insurer therein modified to refer to the approved insurer;

P_c has the same meaning as in regulation 7A(1);

P_s has the same meaning as in regulation 7B(1);
and

C_o and C_{oL} have the same meanings as in regulation 6A(1).

[S 747/2010 wef 01/04/2008]

[S 80/2009 wef 25/02/2009]

[S 224/2009 wef 22/05/2009]

(3) Subject to any conditions that may be imposed by the Comptroller, alternative methods of apportionment may be applied in place of any of the prescribed fractions in paragraphs (1) and (2) if the Comptroller is satisfied that they are reasonable in the circumstances of the business of an approved insurer.

[S 224/2009 wef 22/05/2009]

Determination of income exempted from tax

9.—(1) In determining the income of an approved marine hull and liability insurer, an approved captive insurer or an approved specialised insurer to be exempted from tax under regulation 7, 7A or 7B, as the case may be —

- (a) the Comptroller shall have regard to such expenses, capital allowances and donations allowable under the Act as are, in his opinion, to be deducted in ascertaining such income;
- (b) there shall be deducted from that income any capital allowances attributable to that income notwithstanding that no claim for those allowances has been made;

- (c) any balance of the allowances mentioned in sub-paragraph (b) and any losses incurred in respect of the marine hull and liability business, the offshore captive insurance business or the offshore qualifying specialised insurance business, as the case may be (which, if they had been profits, would have been exempted from tax under regulation 7, 7A or 7B, as the case may be) shall only be deducted against income to be exempted under regulation 7, 7A or 7B, as the case may be, and any balance of such allowances and losses shall not be deducted against any other income;

[S 659/2004, wef Y/A 2004 & Sub Ys/A]

[S 80/2009 wef 07/02/2006]

[S 80/2009 wef 01/09/2006]

[S 80/2009 wef 25/02/2009]

[S 79/2009 wef 17/02/2006]

- (d) any balance of the allowances and losses referred to in sub-paragraph (c) remaining unabsorbed as at the date of expiry or withdrawal of the approval under regulation 4, 4A or 4B, as the case may be, shall, subject to paragraph (2), be available as a deduction against any other income of the insurer for the year of assessment which relates to the basis period in which that approval expires or is withdrawn and any subsequent year of assessment in accordance with section 23 or 37 of the Act, as the case may be; and
- (e) for the purposes of sub-paragraph (d), where an insurer is approved under regulations 4 and 4A, regulations 4 and 4B, regulations 4A and 4B or regulations 4, 4A and 4B, the approval referred to in sub-paragraph (d) shall be the one whose date of expiry or withdrawal is the last.

(2) Section 37B of the Act shall apply to any amount of the allowances and losses available as a deduction against any other income as provided under paragraph (1)(d) as if they were unabsorbed allowances or losses in respect of the income of a company subject to tax at a lower rate of tax under that section, and for this purpose the

rate of tax shall be taken to be the concessionary rate of tax under regulation 5(1).

Apportionment of income between policyholders and shareholders

10.—(1) Any income derived from a participating fund in relation to offshore life business by an approved insurer for any year of assessment taxable at the rate of 10% in accordance with regulation 5(1)(b) and (c)(i) or by an approved takaful insurer for any year of assessment taxable at the rate of 5% in accordance with regulation 5A(1)(b) and (c)(i) shall, for the purposes of section 26(8)(b) and (c) of the Act, be apportioned between the policyholders and shareholders of the approved insurer in the same ratio as the amount referred to in section 26(7)(a)(i)(A) of the Act bears to the amount referred to in section 26(7)(a)(i)(B) of the Act for the basis period for that year of assessment.

[S 747/2010 wef 01/04/2008]

(2) For the purposes of paragraph (1), where no allocation is made out of the participating fund by the approved insurer in accordance with section 17(6)(b) of the Insurance Act (Cap. 142), the income shall be deemed to be apportioned to the policyholders in accordance with —

- (a) where the articles of association of the approved insurer specify the percentage of the gains or profits of the participating fund in respect of offshore life policies that may be distributed to the policyholders, that percentage; or
- (b) where the articles of association of the approved insurer do not so specify, the difference between 100% and the maximum amount (in terms of percentage) of the fund that may be allocated to the surplus account under section 17(6)(c)(iv) of the Insurance Act, out of the total of such amount and the amount of the fund that may be allocated to participating policies by way of bonus in accordance with section 17(6)(b) of that Act.

(3) Paragraphs (1) and (2) shall not apply to a captive insurer.

[S 80/2009 wef Y/A 2006 & Sub Ys/A]

[G.N. Nos. S 211/95; S 514/99]

LEGISLATIVE HISTORY
INCOME TAX (CONCESSIONARY RATE OF TAX FOR
APPROVED OFFSHORE COMPOSITE INSURERS)
REGULATIONS
(CHAPTER 134, RG 27)

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

1. G. N. No. S 211/1995 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) Regulations 1995

Date of commencement : 5 May 1995

2. 1996 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) Regulations

Date of operation : 15 May 1996

3. G. N. No. S 514/1999 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) (Amendment) Regulations 1999

Date of commencement : 24 November 1999

4. 2001 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) Regulations

Date of operation : 31 May 2001

5. G. N. No. S 659/2004 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) (Amendment) Regulations 2004

Date of commencement : 27 October 2004

6. G. N. No. S 747/2010 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2010

Date of commencement : 1 April 2008

7. G. N. No. S 80/2009 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) (Amendment) Regulations 2009

Date of commencement : 25 February 2009

8. G. N. No. S 224/2009 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) (No. 2) Regulations 2009

Date of commencement : 22 May 2009

9. G. N. No. S 102/2011 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2011

Date of commencement : 1 April 2010

10. G.N. No. S 212/2013 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2013

Date of commencement : 16 February 2011

11. G.N. No. S 212/2013 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2013

Date of commencement : 19 February 2011

12. G.N. No. S 212/2013 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2013

Date of commencement : 31 August 2011

13. G. N. No. S 319/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2016

Date of commencement : 25 February 2013