

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

**INCOME TAX (EXEMPTION AND CONCESSIONARY TAX  
RATE FOR INCOME FROM COMPOSITE INSURANCE  
BUSINESS) 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. *[Deleted]*
5. Concessionary rate of tax for approved insurer
- 5A. *[Deleted]*
- 5B. Concessionary rate of tax for income of approved marine hull and liability insurer
- 5C. Concessionary rate of tax for income of approved captive insurer
- 5D. Concessionary rates of tax for income of approved specialised insurer
6. Calculation of dividends, interest and gains from sale of offshore investments for approved insurer
- 6A. *[Deleted]*
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 (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) 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]*

*[S 319/2016 wef 05/07/2016]*

## Definitions

2.—(1) In these Regulations —

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

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

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

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

*[Deleted by S 319/2016 wef 01/04/2013]*

“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);

“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;

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

*[S 319/2016 wef 05/07/2016]*

“marine hull and liability insurance and reinsurance business” has the same meaning as in section 43C(3) of the Act;

*[S 613/2017 wef 01/04/2016]*

“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;

“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 held outside Singapore with financial institutions outside Singapore;

*[S 319/2016 wef 05/07/2016]*

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

*[S 602/2017 wef 28/11/2013]*

“offshore life policy” means a life policy that is not a Singapore policy within the meaning of paragraph 2(1)(a) of the First Schedule to the Insurance Act;

*[S 602/2017 wef 28/11/2013]*

“offshore marine hull and liability insurance and reinsurance business” means the marine hull and liability insurance and reinsurance business concerned with offshore risks;

*[S 613/2017 wef 01/04/2016]*

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

“offshore qualifying specialised insurance risk” means a qualifying specialised insurance risk that is an offshore risk;

*[S 602/2017 wef 01/04/2016]*

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

“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 319/2016 wef 25/02/2013]*

*[S 602/2017 wef 01/04/2016]*

“qualifying specialised insurance business” means the business of insuring and reinsuring one or more qualifying specialised insurance risks;

*[S 602/2017 wef 01/04/2016]*

“qualifying specialised insurance risk” means any of the following risks:

- (a) any terrorism risk;
- (b) any political risk;
- (c) any energy risk;
- (d) any aviation and aerospace risk;
- (e) any agriculture risk;
- (f) any risk arising from a natural catastrophe.

*[S 602/2017 wef 01/04/2016]*

(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 1 April 2010 to 31 March 2020 (both dates inclusive) approve the insurer as an approved insurer for the purposes of these Regulations.

*[S 602/2017 wef 01/04/2015]*

(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 insurance and reinsurance 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.

*[S 613/2017 wef 01/04/2016]*

(2) No approval shall be granted under paragraph (1) after 31 March 2020.

*[S 602/2017 wef 01/04/2016]*

- (3) Any approval granted under paragraph (1) is for —
  - (a) such period not exceeding 10 years as the Minister or such person as the Minister may appoint may specify, if the approval is granted before 1 April 2016; or
  - (b) a period of 5 years, if the approval is granted on or after 1 April 2016.

*[S 602/2017 wef 01/04/2016]*

### **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 17 February 2006 to 31 March 2020 (both dates inclusive), approve the insurer as an approved captive insurer.

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

*[S 602/2017 wef 01/04/2016]*

(2) Any approval granted under paragraph (1) is for —

- (a) such period not exceeding 10 years as the Minister or such person as the Minister may appoint may specify, if the approval is granted before 1 April 2018; or
- (b) a period of 5 years, if the approval is granted on or after 1 April 2018.

*[S 602/2017 wef 01/04/2016]*

(3) No approval under paragraph (1) may be given unless, at the time of such approval, at least one aspect of each of the following functions of the captive insurer is undertaken by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

- (a) compliance with any requirement, and with any direction, notice or other document issued, under the Insurance Act (Cap. 142) and the Monetary Authority of Singapore Act (Cap. 186);
- (b) compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act (Cap. 50);
- (c) the day-to-day management of the captive insurer's business.

*[S 319/2016 wef 05/08/2014]*

### **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]*

(1A) The Minister or such person as the Minister may appoint may, upon application by any insurer underwriting one or more qualifying specialised insurance risks (whether or not an offshore qualifying specialised insurance risk), and if the Minister or the person considers it expedient in the public interest to do so, during the period from 1 September 2016 to 31 August 2021 (both dates inclusive) approve the insurer as an approved specialised insurer.

*[S 602/2017 wef 01/04/2016]*

(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]*

(3) Any approval under paragraph (1A) is for a period of 5 years.

*[S 602/2017 wef 01/04/2016]*

**4C.** *[Deleted by S 319/2016 wef 01/04/2013]*

### **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]*

(3) For the year of assessment 2012 and subsequent years of assessment, a reference in this regulation to interest includes a reference to a qualifying return in lieu of interest.

*[S 319/2016 wef 05/07/2016]*

**5A.** *[Deleted by S 319/2016 wef 01/04/2013]*

### **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 paragraph applies, during the basis period for a year of assessment:

- (a) the underwriting income derived from carrying on marine hull and liability insurance and reinsurance business; and
- (b) the amount of income derived from carrying on marine hull and liability insurance and reinsurance 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 insurance and reinsurance 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 insurance and reinsurance business (other than offshore marine hull and liability insurance and reinsurance 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.

*[S 602/2017 wef 01/04/2016]*

*[S 613/2017 wef 01/04/2016]*

(2) Paragraph (1) applies to an approved marine hull and liability insurer —

- (a) who had, at any time before 19 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 between 19 February 2011 and 31 March 2016 (both dates inclusive); and
- (c) who does not satisfy the qualifying conditions which the Minister or such person as the Minister may appoint imposes for the purposes of regulation 7.

*[S 602/2017 wef 01/04/2016]*

(2A) Tax is payable at the rate of 10% on the income specified in paragraph (1)(a) and (b) that is derived by an approved marine hull and liability insurer in a basis period for any year of assessment, if the insurer's approval is granted on or after 1 April 2016.

*[S 602/2017 wef 01/04/2016]*

(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 insurance and reinsurance 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]*

*[S 613/2017 wef 01/04/2016]*

(4) For the year of assessment 2012 and subsequent years of assessment, a reference in this regulation to interest includes a reference to qualifying return in lieu of interest.

*[S 319/2016 wef 05/07/2016]*

### **Concessionary rate of tax for income of approved captive insurer**

**5C.**—(1) Subject to the conditions in paragraph (2), tax is payable at the rate of 10% on the income mentioned in regulation 7A(1)(a), (b) and (c) that is derived by an approved captive insurer (including one

who is also an approved insurer) in a basis period for any year of assessment.

(2) For the purposes of paragraph (1), the conditions are —

(a) the approved captive insurer's approval is granted on or after 1 April 2018; and

(b) at all times during the basis period in which the income is derived, all the functions in the following sub-paragraphs are undertaken by the approved captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

(i) either or both of the following:

(A) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act (Cap. 142);

(B) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act (Cap. 186);

(ii) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act (Cap. 50);

(iii) the day-to-day management of the approved captive insurer's business.

(3) For the purposes of paragraph (1), where the Comptroller is satisfied that any part of the insurance fund or the shareholders' funds of the approved captive insurer (being the fund or funds mentioned in regulation 5(1)(c) the income in relation to which is used to determine the income mentioned in regulation 7A(1)(c) (as applied by paragraph (1))) is not required to support the offshore captive insurance business of the insurer, the Comptroller may adopt such reduced amount of the income mentioned in regulation 7A(1)(c) as appears to the Comptroller to be reasonable in the circumstances.

*[S 602/2017 wef 01/04/2016]*

### **Concessionary rates of tax for income of approved specialised insurer**

**5D.**—(1) Tax is payable at the rate of 5% on the income specified in paragraph (4) that is derived by an approved specialised insurer in a basis period for any year of assessment, if the insurer's approval is granted between 1 September 2016 and 31 August 2019 (both dates inclusive), and the insurer had not been approved as such at any time before the date of the approval.

(2) Tax is payable at the rate of 8% on the income specified in paragraph (4) that is derived by an approved specialised insurer in a basis period for any year of assessment, if the insurer's approval is granted on or after 1 September 2019, and the insurer had not been approved as such at any time before the date of the approval.

(3) Tax is payable at the rate of 10% on the income specified in paragraph (4) that is derived by an approved specialised insurer in a basis period for any year of assessment, if the insurer's approval is granted on or after 1 September 2016, and the insurer had been approved as such at any time before the date of the firstmentioned approval.

(4) For the purposes of paragraphs (1), (2) and (3), the income is as follows:

- (a) the underwriting income derived from carrying on qualifying specialised insurance business;
- (b) an amount of income derived from carrying on qualifying specialised insurance business ascertained by the formula —

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

where —

- (i)  $P_o$ ,  $P_i$ ,  $P_{oL}$ ,  $P_{iL}$ ,  $A$ ,  $B$ ,  $C$  and  $D$  have the same meanings as in regulation 5B(1)(b), with the reference to the approved marine hull and liability insurer substituted with the reference to the approved specialised insurer;

- (ii)  $P_s$  is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved specialised insurer in the course of carrying on its offshore qualifying specialised insurance business; and
- (iii)  $P_t$  is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved specialised insurer in the course of carrying on its qualifying specialised insurance business (other than offshore qualifying specialised insurance business).

(5) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the insurance fund of the approved specialised insurer (being the fund mentioned in the definitions of “A”, “B” or “D” in regulation 5B(1)(b) (as applied by paragraph (4)(b)(i))) is not required to support the qualifying specialised insurance business of the insurer, the Comptroller may adopt such reduced amount of “A”, “B” or “D” (as the case may be) as appears to the Comptroller to be reasonable in the circumstances.

(6) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the shareholders’ funds of the approved specialised insurer (being the funds mentioned in regulation 5(1)(c)(ii) the income in relation to which is used to determine the value of “C” in regulation 5B(1)(b) (as applied by paragraph (4)(b)(i))) is not required to support the qualifying specialised insurance business of the insurer, the Comptroller may adopt such reduced amount of “C” as appears to the Comptroller to be reasonable in the circumstances.

(7) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the shareholders’ funds of the approved specialised insurer (being the funds mentioned in the definition of “D” in regulation 5B(1)(b) (as applied by paragraph (4)(b)(i))) is not required to support the qualifying specialised insurance business of the insurer, the Comptroller may adopt such reduced amount of “D” as appears to the Comptroller to be reasonable in the circumstances.

(8) For the purposes of the definitions of “ $P_s$ ” and “ $P_t$ ” in paragraph (4)(b)(ii) and (iii), a policy for a risk arising from a

natural catastrophe underwritten by the approved specialised insurer is regarded as a policy underwritten by the insurer in the course of carrying on its offshore qualifying specialised insurance business or qualifying specialised insurance business (other than offshore qualifying specialised insurance business), as the case may be, if and only if it is a catastrophe excess of loss policy.

*[S 602/2017 wef 01/04/2016]*

### **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 —

$$(a) \text{ nil, if } \left( \frac{P_i + P_{iL}}{P_o + P_i + P_{oL} + P_{iL}} \times I \right)$$

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]*

(4) For the year of assessment 2012 and subsequent years of assessment, a reference in this regulation to interest includes a reference to qualifying return in lieu of interest.

*[S 319/2016 wef 05/07/2016]*

**6A.** *[Deleted by S 319/2016 wef 01/04/2013]*

**Income of approved marine hull and liability insurer exempt from tax**

7.—(1) Where an approved marine hull and liability insurer whose approval is granted before 1 April 2016, 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 insurance and reinsurance business; and

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

*[S 613/2017 wef 01/04/2016]*

- (b) the amount of income derived from carrying on marine hull and liability insurance and reinsurance 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]*

*[S 602/2017 wef 01/04/2016]*

*[S 613/2017 wef 01/04/2016]*

(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 insurance and reinsurance 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]*

*[S 613/2017 wef 01/04/2016]*

### **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) whose approval is granted before 1 April 2018, in a basis period for any period of assessment that ends at any time before 5 August 2014:

- (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]*

*[S 319/2016 wef 05/08/2014]*

*[S 602/2017 wef 01/04/2016]*

(1A) The income mentioned in paragraph (1)(a), (b) and (c), that is derived by an approved captive insurer (including one who is also an

approved insurer) whose approval is granted before 1 April 2018 in a basis period for any year of assessment, other than one mentioned in paragraph (1), is exempt from tax if —

- (a) in the case of a basis period that commences on or after 5 August 2014, the requirement in paragraph (1B) is satisfied at all times during that basis period; and
- (b) in the case of a basis period in which 5 August 2014 falls (but not one whose commencement date is that date), the requirement in paragraph (1B) is satisfied at all times between 5 August 2014 and the last day of that basis period (both dates inclusive).

*[S 319/2016 wef 05/08/2014]*

*[S 602/2017 wef 01/04/2016]*

(1B) The requirement mentioned in paragraph (1A) is that at least one aspect of each of the following functions of the approved captive insurer is undertaken by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

- (a) compliance with any requirement, and with any direction, notice or other document issued, under the Insurance Act and the Monetary Authority of Singapore Act;
- (b) compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act;
- (c) the day-to-day management of the captive insurer's business.

*[S 319/2016 wef 05/08/2014]*

(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) in a basis period for any year of assessment and before 1 September 2016, if the insurer's approval is granted before that date:

- (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]*

*[S 602/2017 wef 01/04/2016]*

(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]*

(4) The income specified in regulation 5D(4)(a) and (b) derived by an approved specialised insurer (including one who is also an approved insurer) in a basis period for any year of assessment and on or after 1 September 2016 is exempt from tax, if the insurer’s approval is granted before that date.

*[S 602/2017 wef 01/04/2016]*

(5) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the insurance fund of the approved specialised insurer (being the fund mentioned in the definition of “A”, “B” or “D” in regulation 5B(1)(b) (as applied by paragraph (4) through the reference to regulation 5D(4)(b))) is not required to support the qualifying specialised insurance business of the insurer, the Comptroller may adopt such reduced amount of “A”, “B” or “D” (as the case may be) as appears to the Comptroller to be reasonable in the circumstances.

*[S 602/2017 wef 01/04/2016]*

(6) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the shareholders’ funds of the approved specialised insurer (being the funds mentioned in regulation 5(1)(c)(ii) the income in relation to which is used to determine the value of “C” in regulation 5B(1)(b) (as applied by paragraph (4) through the reference to regulation 5D(4)(b))) is not required to support the qualifying specialised insurance business of the insurer, the Comptroller may adopt such reduced amount of “C” as appears to the Comptroller to be reasonable in the circumstances.

*[S 602/2017 wef 01/04/2016]*

(7) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the shareholders' funds of the approved specialised insurer (being the funds mentioned in the definition of "D" in regulation 5B(1)(b) (as applied by paragraph (4) through the reference to regulation 5D(4)(b))) is not required to support the qualifying specialised insurance business of the insurer, the Comptroller may adopt such reduced amount of "D" as appears to the Comptroller to be reasonable in the circumstances.

*[S 602/2017 wef 01/04/2016]*

(8) For the purposes of the definitions of "P<sub>s</sub>" and "P<sub>t</sub>" in regulation 5D(4)(b)(ii) and (iii) (as applied by paragraph (4)), a policy for a risk arising from a natural catastrophe underwritten by the approved specialised insurer is regarded as a policy underwritten by the insurer in the course of carrying on its offshore qualifying specialised insurance business or qualifying specialised insurance business (other than offshore qualifying specialised insurance business), as the case may be, if and only if it is a catastrophe excess of loss policy.

*[S 602/2017 wef 01/04/2016]*

### **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<sub>o</sub>, P<sub>i</sub>, P<sub>oL</sub> and P<sub>iL</sub> have the same meanings as in regulation 6(1).

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

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

*[S 602/2017 wef 01/04/2016]*

(2) Despite 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 or an approved specialised insurer under regulation 4B, any item of expenditure not directly attributable to the marine hull and liability insurance and reinsurance business, the offshore captive insurance business, the qualifying specialised insurance business, the offshore general insurance business or the offshore life business of such insurer, as well as capital allowances and donations allowable to such insurer under the Act, are to 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 insurance and reinsurance business is to 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 is to be ascertained by using the fraction —

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

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

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

- (ca) the portion attributable to qualifying specialised insurance business is to be ascertained by using the fraction —

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

*[S 602/2016 wef 01/04/2016]*

(d) the portion attributable to offshore life business and offshore general insurance business, other than offshore marine hull and liability insurance and reinsurance business, offshore captive insurance business and offshore qualifying specialised insurance business, is to be ascertained by using the fraction —

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

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 in that provision modified to refer to the approved insurer;

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

$P_s$  has the same meaning as in regulation 7B(1).

$P_s$  and  $P_t$  have the same meanings as in regulation 5D(4)(b)(ii) and (iii).

*[S 319/2016 wef 01/04/2013]*

*[S 602/2017 wef 01/04/2016]*

*[S 613/2017 wef 01/04/2016]*

(3) The Comptroller may apply any alternative method of apportionment in place of any of the prescribed fractions in paragraphs (1) and (2) if the Comptroller is satisfied that the alternative method is reasonable in the circumstances of the business of the approved insurer.

*[S 319/2016 wef 05/07/2016]*

### **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 and capital allowances allowable under the Act as are, in his opinion, to be deducted in ascertaining such income;

*[S 518/2013 wef Y/A 2013 & Sub Ys/A]*

- (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 insurance and reinsurance business, the offshore captive insurance business, the offshore qualifying specialised insurance business or the 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 01/09/2006]*

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

*[S 602/2017 wef 01/04/2016]*

*[S 613/2017 wef 01/04/2016]*

- (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

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

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

- (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.

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

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

(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).

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

### **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) 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]*

*[S 319/2016 wef 01/04/2013]*

(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 (EXEMPTION AND CONCESSIONARY TAX  
RATE FOR INCOME FROM COMPOSITE INSURANCE  
BUSINESS) REGULATIONS  
(CHAPTER 134, RG 27)

*formerly known as the Income Tax (Concessionary Rate of Tax for Approved  
Offshore Composite Insurers) Regulations*

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

Date of operation : 31 May 2001

**4. 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

**5. 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

**6. 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

- 7. 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
- 8. 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
- 9. 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
- 10. 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
- 11. 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
- 12. 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
- 13. G. N. No. S 319/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment) Regulations 2016**
- Date of commencement : 1 April 2013
- 14. G.N. No. S 518/2013 — Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurers) (Amendment No. 2) Regulations 2013**
- Date of commencement : 13 August 2013
- 15. G. N. No. S 602/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) (Amendment) Regulations 2017**
- Date of commencement : 28 November 2013

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

Date of commencement : 5 August 2014

**17. G. N. No. S 602/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) (Amendment) Regulations 2017**

Date of commencement : 1 April 2015

**18. G. N. No. S 602/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) (Amendment) Regulations 2017**

Date of commencement : 1 April 2016

**19. G. N. No. S 613/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Composite Insurance Business) (Amendment No. 2) Regulations 2017**

Date of commencement : 1 April 2016

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

Date of commencement : 5 July 2016