

INCOME TAX ACT  
(CHAPTER 134, SECTION 43C)

INCOME TAX (EXEMPTION AND CONCESSIONARY TAX  
RATE FOR INCOME FROM LIFE INSURANCE BUSINESS)  
REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
2. Definitions
- 2A. Application
3. Approval of insurer
- 3AA. Previously approved insurers
- 3A. Approval of captive insurer
- 3B. [*Deleted*]
4. Concessionary rate of tax for income derived before 1 July 2021 of approved insurer
- 4A. Concessionary rate of tax for income derived on or after 1 July 2021 of approved insurer
5. Calculation of dividends, interest and gains from sale of offshore investments for approved insurer
- 5A. Income derived before 1 July 2021 of approved captive insurer exempt from tax
- 5B. Determination of income exempted from tax
- 5C. Income derived on or after 1 July 2021 of approved captive insurer exempt from tax
- 5D. Determination of exempt income of approved captive insurer derived on or after 1 July 2021
6. Apportionment of expenses, allowances and donations in respect of income derived before 1 July 2021
- 6A. Apportionment of expenses, allowances and donations in respect of income derived on or after 1 July 2021
7. 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 Life Insurance Business) Regulations and shall have effect for the year of assessment 1996 and subsequent years of assessment.

*[S 81/2009 wef Y/A 2005 & Sub Ys/A]*

*[S 320/2016 wef 05/07/2016]*

## Definitions

2. In these Regulations —

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

*[S 81/2009 wef 17/02/2006]*

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

*[S 81/2009 wef Y/A 2005 & Sub Ys/A]*

“Asian Currency Unit” means an operational unit that was approved by the Monetary Authority of Singapore under section 77(5) of the Banking Act (Cap. 19) as in force immediately before 1 July 2021;

*[S 491/2021 wef 01/07/2021]*

*[Deleted by S 320/2016 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);

*[S 81/2009 wef 17/02/2006]*

“captive life business” means the life business of an approved captive insurer which consists of risks of its related companies, including third-party risks underwritten in the course of and incidental to that business;

*[S 491/2021 wef 01/07/2021]*

“deposit” has the meaning given by section 4B(4) of the Banking Act;

*[S 491/2021 wef 01/07/2021]*

“direct insurer” has the meaning given by section 1A of the Insurance Act (Cap. 142);

*[S 491/2021 wef 01/07/2021]*

“direct life insurer” means a direct insurer licensed under section 8 of the Insurance Act to carry on life business;

*[S 491/2021 wef 01/07/2021]*

“direct life risk” means a life risk insured by a direct life insurer;

*[S 491/2021 wef 01/07/2021]*

“dividends”, in relation to income derived on or after 1 July 2021, means dividends paid by a company, other than those exempt from tax under section 13(1)(za), (8) or (12) of the Act;

*[S 491/2021 wef 01/07/2021]*

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

*[S 320/2016 wef 05/07/2016]*

“life business” has the meaning given by section 2(1)(a) of the Insurance Act;

*[S 491/2021 wef 01/07/2021]*

“life insurance fund”, “non-participating fund”, “offshore life business”, “offshore life reinsurance business”, “offshore risk”, “onshore life business”, “onshore life reinsurance business” and “participating fund” have the meanings given by section 26(12) of the Act;

*[S 491/2021 wef 01/07/2021]*

“non-participating policy” has the meaning given by paragraph 6A(1) of the First Schedule to the Insurance Act;

*[S 491/2021 wef 01/07/2021]*

“offshore captive insurance business” means the 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 81/2009 wef 17/02/2006]*

“offshore captive life business” means captive life business concerned with offshore risks;

*[S 491/2021 wef 01/07/2021]*

“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 320/2016 wef 05/07/2016]*

*[Deleted by S 491/2021 wef 01/07/2021]*

“offshore life insurance surplus”, in relation to an approved insurer or an approved captive insurer, has the meaning given by section 26(12) of the Act to the term “offshore life insurance surplus” in relation to an insurer under section 26(7A)(a)(i) of the Act, with the reference to the insurer under section 26(7A)(a)(i) of the Act substituted with

a reference to the approved insurer or approved captive insurer;

*[S 491/2021 wef 01/07/2021]*

“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 603/2017 wef 28/11/2013]*

“onshore life insurance surplus”, in relation to an approved insurer or an approved captive insurer, has the meaning given by section 26(12) of the Act to the term “onshore life insurance surplus” in relation to an insurer under section 26(7A)(a)(i) of the Act, with the reference to the insurer under section 26(7A)(a)(i) of the Act substituted with a reference to the approved insurer or approved captive insurer;

*[S 491/2021 wef 01/07/2021]*

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

*[S 81/2009 wef Y/A 2006 & Sub Ys/A]*

*[S 748/2010 wef 01/04/2008]*

“prescribed asset or project” means an infrastructure asset or project prescribed in regulation 5 of the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (G.N. No. S 315/2008);

*[S 491/2021 wef 01/07/2021]*

“qualifying interest” means —

- (a) any interest derived from a deposit held in a bank;
- (b) any interest derived from a certificate of deposit issued by a bank; or
- (c) any interest derived from debt securities, other than interest that is exempt from tax under section 13(1)(b)(i) or (bc)(i) of the Act, or an

amount that is exempt from tax under section 13(1)(bd) of the Act;

*[S 491/2021 wef 01/07/2021]*

“qualifying investment” means —

- (a) any stock or share of a company;
- (b) securities (other than stocks and shares), bonds, notes, certificates of deposits or treasury bills that are issued by a government, bank or company;
- (c) any futures contract traded on a future exchange; or
- (d) any investment in a prescribed asset or project;

*[S 491/2021 wef 01/07/2021]*

“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 748/2010 wef 01/04/2008]*

*[S 491/2021 wef 01/07/2021]*

“related company”, in relation to an approved captive insurer, means a company that is deemed to be related to the insurer under section 6 of the Companies Act (Cap. 50);

*[S 491/2021 wef 01/07/2021]*

“specified business” means the business of an approved captive insurer underwriting any or both of the following:

- (a) policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, its captive life business;
- (b) policies underwritten by the insurer in the course of its business of insuring direct life risk.

*[S 491/2021 wef 01/07/2021]*

## **Application**

**2A.** These Regulations apply to —

- (a) an approved insurer that is approved as such before 1 June 2017; and
- (b) an approved captive insurer that is approved as such before 1 June 2017.

*[S 611/2017 wef 01/06/2017]*

## **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 life insurance business only and if he considers it expedient in the public interest to do so, during the period from 1 April 2010 to 31 May 2017 (both dates inclusive) approve the insurer as an approved insurer for the purposes of these Regulations.

*[S 603/2017 wef 01/04/2015]*

*[S 611/2017 wef 01/06/2017]*

(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 103/2011 wef 01/04/2010]*

## **Previously approved insurers**

**3AA.—(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 103/2011 wef 01/04/2010]*

### **Approval of captive insurer**

**3A.**—(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 May 2017(both dates inclusive) approve the insurer as an approved captive insurer.

*[S 320/2016 wef 16/02/2011]*

*[S 603/2017 wef 01/04/2016]*

*[S 611/2017 wef 01/06/2017]*

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

*[S 611/2017 wef 01/06/2017]*

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



- (a) either or both of the following:
  - (i) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act (Cap. 142);
  - (ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act (Cap. 186);
- (b) ensuring 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 603/2017 wef 26/10/2017]*

**3B.** *[Deleted by S 320/2016 wef 01/04/2013]*

**Concessionary rate of tax for income derived before 1 July 2021 of approved insurer**

**4.—(1)** Tax shall be payable at the rate of 10% on the following income derived before 1 July 2021 by an approved insurer:

- (a) the amount referred to in 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);

*[S 81/2009 wef Y/A 2006 & Sub Ys/A]*

- (b) 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 for the offshore life business; and

- (ii) the investment of its shareholders' funds established in Singapore which are used to support the offshore life business as ascertained under regulation 5.

*[S 81/2009 wef Y/A 2005 & Sub Ys/A]*

*[S 748/2010 wef 01/04/2008]*

*[S 320/2016 wef 01/04/2013]*

*[S 491/2021 wef 01/07/2021]*

(2) Where the Comptroller is satisfied that any part of the insurance fund referred to in sub-paragraph (b)(i) of paragraph (1) is not required to support the 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 81/2009 wef Y/A 2005 & Sub Ys/A]*

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

*[S 320/2016 wef 05/07/2016]*

*[S 491/2021 wef 01/07/2021]*

### **Concessionary rate of tax for income derived on or after 1 July 2021 of approved insurer**

**4A.**—(1) Subject to this regulation, tax is payable at the rate of 10% on the income mentioned in paragraph (2) derived on or after 1 July 2021 by an approved insurer in a basis period for any year of assessment.

(2) For the purposes of paragraph (1), the income is —

- (a) the onshore life insurance surplus, and offshore life insurance surplus (as the case may be), derived by the insurer from accepting life reinsurance policies, excluding —
- (i) gains or profits from the sale of investments that are acquired using any life insurance fund relating to life reinsurance policies; and

- (ii) investment income or any other income derived from such life insurance fund, whether or not the income is derived in Singapore or elsewhere;
- (b) the part of A that is ascertained by the formula  $\frac{P_{olr}}{P_{onp}} \times A$ ;
- (c) the part of B that is ascertained by the formula  $\frac{P_{ilr}}{P_{inp}} \times B$ ;  
and
- (d) the part of C that is ascertained by the formula  $\frac{P_{olr} + P_{ilr}}{P_{ol} + P_{il}} \times C$ .
- (3) In paragraph (2) —
- “A” is the total amount of the following income of the approved insurer (excluding excluded income) derived in the basis period:
- (a) dividends and qualifying interest derived from the investment of its non-participating fund established and maintained under the Insurance Act for its offshore life business;
- (b) gains or profits from the sale of qualifying investments acquired using such non-participating fund,
- less any expenses incurred in the production of such income for which a deduction is allowed under the Act;
- “B” is the total amount of the following income of the approved insurer (excluding excluded income) derived in the basis period:
- (a) dividends and qualifying interest derived from the investment of its non-participating fund established and maintained under the Insurance Act for its onshore life business;
- (b) gains or profits from the sale of qualifying investments acquired using such non-participating fund,
- less any expenses incurred in the production of such income for which a deduction is allowed under the Act;

“C” is the total amount of the following income of the approved insurer (excluding excluded income) derived in the basis period:

(a) dividends and qualifying interest derived from the investment of its shareholders’ fund established in Singapore and used to support its offshore life business and onshore life business;

(b) gains or profits from the sale of qualifying investments acquired using such shareholders’ fund,

less any expenses incurred in the production of such income for which a deduction is allowed under the Act;

“P<sub>il</sub>” is the total amount of the gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its onshore life business in Singapore;

“P<sub>ilr</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all non-participating policies underwritten by the approved insurer in the course of carrying on its onshore life reinsurance business in Singapore;

“P<sub>inp</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all non-participating policies underwritten by the approved insurer in the course of carrying on its onshore life business in Singapore;

“P<sub>ol</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its offshore life business in Singapore;

“P<sub>olr</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all non-participating policies underwritten by the approved insurer in the course of carrying on its offshore life reinsurance business in Singapore;

“P<sub>onp</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all non-participating policies underwritten by the approved insurer in the course of carrying on its offshore life business in Singapore;

“excluded income” means any income derived in the basis period from any investment in, or the sale of, any stock, share or other securities of a company that —

- (a) is in the business of trading or holding —
  - (i) prescribed assets or projects, and other immovable property; or
  - (ii) immovable properties other than prescribed assets or projects;
- (b) is not in the business of property development; and
- (c) is not listed on a stock exchange in Singapore or elsewhere.

(4) Where the approved insurer is also an approved captive insurer, the reference to gross premiums in the definitions of “P<sub>ilr</sub>” and “P<sub>olr</sub>” in paragraph (3) excludes the gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its captive life business in Singapore.

(5) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the non-participating fund mentioned in the definition of “A” or “B” in paragraph (3) is not required to support the offshore life reinsurance business or the onshore life reinsurance business of the approved insurer (as the case may be), the Comptroller may adopt such reduced amount of “A” in paragraph (2)(b) or “B” in paragraph (2)(c) as appears to the Comptroller to be reasonable in the circumstances.

(6) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the shareholders’ fund mentioned in the definition of “C” in paragraph (3) is not required to support the approved insurer’s offshore life reinsurance business and onshore life

reinsurance business, the Comptroller may adopt such reduced amount of “C” in paragraph (2)(d) as appears to the Comptroller to be reasonable in the circumstances.

(7) A reference in this regulation to interest includes a reference to qualifying return in lieu of interest.

*[S 491/2021 wef 01/07/2021]*

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

5.—(1) The dividends and interest under regulation 4(1)(b)(ii) derived by an approved insurer for the basis period for any year of assessment shall be ascertained by the formula —

$$\left( \frac{P_o}{P_o + P_i} \times I \right) \square X$$

where  $P_o$  is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved insurer in the course of carrying on its business in Singapore from the offshore life 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 insurer in the course of carrying on its business in Singapore from the life insurance business other than offshore life business;

$I$  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 —

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

is equal to or greater than  $Y$ ; or

$$(b) \left( Y - \frac{P_i}{P_o + P_i} \times I \right),$$

$$\text{if } Y \text{ is greater than } \left( \frac{P_i}{P_o + P_i} \times I \right),$$

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 81/2009 wef Y/A 2005 & Sub Ys/A]*

*[S 748/2010 wef 01/04/2008]*

*[S 320/2016 wef 01/04/2013]*

(2) The gains or profits from the sale of offshore investments under regulation 4(1)(b)(ii) derived by an approved insurer for the basis period for any year of assessment shall be ascertained by the formula —

$$\frac{P_o}{P_o + P_i} \times K$$

where  $P_o$  and  $P_i$  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 81/2009 wef Y/A 2005 & Sub Ys/A]*

*[S 320/2016 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 life

business, he may adopt such reduced amount of I or K as appears to him to be reasonable in the circumstances.

*[S 81/2009 wef Y/A 2005 & Sub Ys/A]*

*[S 748/2010 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 320/2016 wef 05/07/2016]*

### **Income derived before 1 July 2021 of approved captive insurer exempt from tax**

**5A.**—(1) There shall be exempt from tax the following income derived before 1 July 2021 by an approved captive insurer (including one who is also an approved insurer) whose approval is granted before 1 June 2017, in a basis period for any year of assessment that ends at any time before 5 August 2014:

- (a) 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;

*[S 81/2009 wef Y/A 2005 & Sub Ys/A:2009-SL-134-RG-81]*

- (b) such part of the income referred to in regulation 4(1)(b) as is ascertained by the formula —

$$\frac{P_c}{P_o} \times A,$$



where  $P_c$  is the amount of the gross premiums received or receivable during the basis period in respect of offshore life 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 policies covering third parties which are not underwritten in the course of, nor incidental to, its captive insurance business);

$P_o$  has the same meaning as in regulation 5(1), with the reference to the approved insurer in that provision modified to refer to the approved captive insurer; and

$A$  is the total amount of the income referred to in regulation 4(1)(b) 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 320/2016 wef 19/02/2011]*

*[S 320/2016 wef 05/08/2014]*

*[S 603/2017 wef 01/04/2016]*

*[S 611/2017 wef 01/06/2017]*

*[S 491/2021 wef 01/07/2021]*

(1A) The income mentioned in paragraph (1)(a) and (b), that is derived by an approved captive insurer (including one who is also an approved insurer) whose approval is granted before 1 June 2017, 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; or
- (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 320/2016 wef 05/08/2014]*

*[S 603/2017 wef 01/04/2016]*

*[S 611/2017 wef 01/06/2017]*

(1B) The requirement mentioned in paragraph (1A) is that 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:

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

*[S 603/2017 wef 26/10/2017]*

(2) Where the Comptroller is satisfied that any part of the insurance fund or the shareholders' funds referred to in regulation 4(1)(b) 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)(b) as appears to him to be reasonable in the circumstances.

*[S 81/2009 wef 17/02/2006]*

*[S 491/2021 wef 01/07/2021]*

### **Determination of income exempted from tax**

**5B.**—(1) In determining the income of an approved captive insurer to be exempted from tax under regulation 5A —

(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 519/2013 wef Y/A 2013 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 its offshore captive insurance business (which, had they been income, would have been exempted from tax under regulation 5A) shall only be deducted against income to be exempted under regulation 5A, and any balance of such allowances and losses shall not be deducted against any other income; and

(d) any balance of the allowances and losses referred to in sub-paragraph (c) remaining unabsorbed as at the end of the period in which its approval under regulation 3A expires or is withdrawn 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.

(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 4(1).

*[S 81/2009 wef 17/02/2006]*

*[S 81/2009 wef 25/02/2009]*

**Income derived on or after 1 July 2021 of approved captive insurer exempt from tax**

**5C.**—(1) Subject to the condition in paragraph (4), the income mentioned in paragraph (2) derived on or after 1 July 2021 by an approved captive insurer in a basis period for any year of assessment is exempt from tax, if the insurer’s approval is granted before 1 June 2017.

(2) For the purposes of paragraph (1), the income is —

(a) the onshore life insurance surplus, and offshore life insurance surplus (as the case may be) derived by the insurer from accepting life reinsurance policies, excluding —

(i) income derived by the insurer from accepting life reinsurance policies covering third parties which are not underwritten in the course of, nor incidental to, its captive life business;

(ii) gains or profits from the sale of investments that are acquired using any life insurance fund relating to life reinsurance policies; and

(iii) investment income or any other income derived from such life insurance fund, whether or not the income is derived in Singapore or elsewhere;

(b) the part of A that is ascertained by the formula  $\frac{P_{olc}}{P_{onp}} \times A$ ;

(c) the part of B that is ascertained by the formula  $\frac{P_{ilc}}{P_{inp}} \times B$ ;  
and

(d) the part of C that is ascertained by the formula  $\frac{P_{olc} + P_{ilc}}{P_{ol} + P_{il}} \times C$ .

(3) In paragraph (2) —

“A”, “B”, “C”, “P<sub>il</sub>”, “P<sub>inp</sub>”, “P<sub>ol</sub>” and “P<sub>onp</sub>” have the meanings given by regulation 4A(3), with each reference to approved insurer substituted with the reference to approved captive insurer;

“P<sub>ilc</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all non-participating policies underwritten by the approved captive insurer in the course of carrying on its captive life business in Singapore (other than offshore captive life business), excluding the amount of gross premiums received or receivable by the insurer in that basis period in respect of —

- (a) all policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, that business; and
- (b) all policies insuring direct life risk which are underwritten by the insurer in the course of that business;

“P<sub>olc</sub>” is the total amount of gross premiums received or receivable in the basis period in respect of all non-participating policies underwritten by the approved captive insurer in the course of carrying on its offshore captive life business in Singapore, excluding the amount of gross premiums received or receivable by the insurer in that basis period in respect of —

- (a) all policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, that business; and
- (b) all policies insuring direct life risk which are underwritten by the insurer in the course of that business.

(4) For the purposes of paragraph (1), the condition is that at all times in the basis period in which the income is derived, all the functions in the following 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:

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

(5) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the non-participating fund mentioned in the definition of "A" or "B" in regulation 4A(3) (as applied by paragraph (3)) is not required to support the offshore captive life business or the captive life business (other than the offshore captive life business) of the approved captive insurer (as the case may be), the Comptroller may adopt such reduced amount of "A" in paragraph (2)(b) or "B" in paragraph (2)(c) as appears to the Comptroller to be reasonable in the circumstances.

(6) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the shareholders' fund mentioned in the definition of "C" in regulation 4A(3) (as applied by paragraph (3)) is not required to support the captive life business of the approved captive insurer, the Comptroller may adopt such reduced amount of "C" in paragraph (2)(d) as appears to the Comptroller to be reasonable in the circumstances.

*[S 491/2021 wef 01/07/2021]*

**Determination of exempt income of approved captive insurer  
derived on or after 1 July 2021**

**5D.**—(1) In determining the amount of exempt income of an approved captive insurer under regulation 5C(1) —

- (a) the Comptroller must have regard to such expenses and capital allowances for which a deduction is allowed under the Act as are, in the Comptroller's opinion, to be deducted in ascertaining such income;
- (b) any capital allowances attributable to that income must be deducted from that income, even though 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 insurer's captive life business in Singapore (which, had they been profits, would have been exempt from tax under regulation 5C(1)) may only be deducted against income to be exempt under regulation 5C(1), and any balance of such allowances and losses must not be deducted against any other income; and
- (d) any balance of the allowances and losses mentioned in sub-paragraph (c) remaining unabsorbed as at the date of the expiry or withdrawal of the approval of the insurer is, subject to paragraph (2), 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.

(2) Section 37B of the Act applies 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 lower rate of tax is 10%.

*[S 491/2021 wef 01/07/2021]*

**Apportionment of expenses, allowances and donations in respect of income derived before 1 July 2021**

6.—(1) For the purpose of determining the income mentioned in regulation 4(1), any item of expenditure not directly attributable to the 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 life insurance business of the approved insurer; and the portion attributable to such business shall be ascertained by using the fraction —

$$\frac{P_o}{P_o + P_i}$$

where  $P_o$  and  $P_i$  have the same meanings as in regulation 5.

*[S 81/2009 wef Y/A 2005 & Sub Ys/A]*

*[S 491/2021 wef 01/07/2021]*

(2) For the purpose of determining the income mentioned in regulation 5A(1), any item of expenditure not directly attributable to the offshore captive insurance business or the offshore life business of such insurer, as well as any 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 offshore captive insurance business is to be ascertained by using the fraction —

$$\frac{P_c}{P_o + P_i};$$

- (b) the portion attributable to offshore life business, other than offshore captive insurance business, is to be ascertained by using the fraction —

$$\frac{P_o - P_c}{P_o + P_i},$$



where  $P_c$  has the same meaning as in regulation 5A;  
and

$P_o$  and  $P_i$  have the same meaning as in regulation 5(1).

*[S 320/2016 wef 01/04/2013]*

*[S 491/2021 wef 01/07/2021]*

(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 320/2016 wef 05/07/2016]*

### **Apportionment of expenses, allowances and donations in respect of income derived on or after 1 July 2021**

**6A.**—(1) For the purpose of determining the income mentioned in regulation 4A(2), all of the following for which a deduction is allowable to an approved insurer under the Act, are to be apportioned in accordance with paragraph (2) between the onshore life reinsurance business in Singapore and offshore life reinsurance business in Singapore of the insurer, and the other life businesses of the insurer:

- (a) any item of expenditure not directly attributable to the onshore life reinsurance business in Singapore and offshore life reinsurance business in Singapore of the insurer;
- (b) capital allowances;
- (c) donations.

(2) For the purposes of paragraph (1), the portion of expenditure, capital allowances and donations to be apportioned to the onshore life reinsurance business in Singapore and offshore life reinsurance business in Singapore of the approved insurer is that ascertained using the fraction  $\frac{P_{olr} + P_{ilr}}{P_{ol} + P_{il}}$ , where “ $P_{il}$ ”, “ $P_{ilr}$ ”, “ $P_{ol}$ ” and “ $P_{olr}$ ” have the meanings given by regulation 4A(3).

(3) For the purpose of determining the income mentioned in regulation 5C(2), all of the following for which a deduction is allowable to an approved captive insurer under the Act, are to be apportioned in accordance with paragraph (4) between the captive life business in Singapore (excluding specified business) of the insurer and the other life businesses of the insurer:

- (a) any item of expenditure not directly attributable to the captive life business in Singapore (excluding specified business) of the insurer;
- (b) capital allowances;
- (c) donations.

(4) For the purposes of paragraph (3), the portion of expenditure, capital allowances and donations to be apportioned to the captive life business in Singapore (excluding specified business) of the approved captive insurer is that ascertained using the fraction  $\frac{P_{olc} + P_{ilc}}{P_{ol} + P_{il}}$ , where —

- (a) “ $P_{il}$ ” and “ $P_{ol}$ ” have the meanings given by regulation 4A(3), with each reference to the approved insurer substituted with the reference to the approved captive insurer; and
- (b) “ $P_{ilc}$ ” and “ $P_{olc}$ ” have the meanings given by regulation 5C(3).

(5) The Comptroller may apply any alternative method of apportionment in place of any of the prescribed fractions in paragraph (2) or (4) if the Comptroller is satisfied that the alternative method is reasonable in the circumstances of the business of the insurer mentioned in that paragraph.

*[S 491/2021 wef 01/07/2021]*

### **Apportionment of income between policyholders and shareholders**

7.—(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 4(1)(a) and (b)(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 748/2010 wef 01/04/2008]*

*[S 320/2016 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 81/2009 wef Y/A 2006 & Sub Ys/A]*

*[G.N. No. S 212/95]*

LEGISLATIVE HISTORY  
INCOME TAX (EXEMPTION AND CONCESSIONARY TAX  
RATE FOR INCOME FROM LIFE INSURANCE BUSINESS)  
REGULATIONS  
(CHAPTER 134, RG 28)

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

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

**1. G. N. No. S 212/1995 — Income Tax (Concessionary Rate of Tax for  
Approved Offshore Life Insurance Companies)  
Regulations 1995**

Date of commencement : 5 May 1995

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

Date of operation : 15 May 1996

**3. G. N. No. S 81/2009 — Income Tax (Concessionary Rate of Tax for  
Approved Offshore Life Insurers) (Amendment)  
Regulations 2009**

Date of commencement : 2 June 2005

**4. G. N. No. S 81/2009 — Income Tax (Concessionary Rate of Tax for  
Approved Offshore Life Insurers) (Amendment)  
Regulations 2009**

Date of commencement : 17 February 2006

**5. G. N. No. S 748/2010 — Income Tax (Concessionary Rate of Tax for  
Approved Offshore Life Insurers)  
(Amendment) Regulations 2010**

Date of commencement : 1 April 2008

**6. G. N. No. S 81/2009 — Income Tax (Concessionary Rate of Tax for  
Approved Offshore Life Insurers) (Amendment)  
Regulations 2009**

Date of commencement : 25 February 2009

**7. G. N. No. S 103/2011 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2011**

Date of commencement : 1 April 2010

**8. G.N. No. S 320/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2016**

Date of commencement : 16 February 2011

**9. G.N. No. S 320/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2016**

Date of commencement : 19 February 2011

**10. G.N. No. S 320/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2016**

Date of commencement : 1 April 2013

**11. G.N. No. S 519/2013 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2013**

Date of commencement : 13 August 2013

**12. G.N. No. S 603/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment) Regulations 2017**

Date of commencement : 28 November 2013

**13. G.N. No. S 320/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2016**

Date of commencement : 5 August 2014

**14. G.N. No. S 603/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment) Regulations 2017**

Date of commencement : 1 April 2015

**15. G.N. No. S 603/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment) Regulations 2017**

Date of commencement : 1 April 2016

**16. G.N. No. S 320/2016 — Income Tax (Concessionary Rate of Tax for Approved Offshore Life Insurers) (Amendment) Regulations 2016**

Date of commencement : 5 July 2016

**17. G.N. No. S 611/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment No. 2) Regulations 2017**

Date of commencement : 1 June 2017

**18. G.N. No. S 603/2017 — Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment) Regulations 2017**

Date of commencement : 26 October 2017

**19. G. N. No. S 491/2021 — Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) (Amendment) Regulations 2021**

Date of commencement : 1 July 2021