

INCOME TAX ACT
(CHAPTER 134, SECTIONS 13(1)(a) AND (11) AND 45(9))

INCOME TAX (QUALIFYING DEBT SECURITIES)
REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
 2. Definitions
 3. Prescribed conditions for tax exemption on interest income from qualifying debt securities
 - 3A. Prescribed conditions for tax exemption on discount from qualifying debt securities
 - 3B. Prescribed conditions for tax exemption on any amount payable from Islamic debt securities which are qualifying debt securities
 - 3C. Prescribed conditions for tax exemption on break cost, prepayment fee and redemption premium from qualifying debt securities
 - 3D. Prescribed condition for tax exemption under section 13(1)(bc) of Act
 - 3DA. Prescribed circumstances for tax exemption under section 13(1)(bc) of Act
 - 3E. Prescribed condition for tax exemption under section 13(1)(bd) of Act
 4. Arrangements for qualifying debt securities
 - 4A. Determination of exempt income, and deductions
 5. Waiver of withholding of tax in respect of interest paid to or discount derived by non-resident person
- The Schedule
-

Citation

1.—(1) These Regulations may be cited as the Income Tax (Qualifying Debt Securities) Regulations.

(2) [*Deleted by S 268/2009 wef 10/06/2009*]

(3) [*Deleted by S 268/2009 wef 10/06/2009*]

[*S 268/2009 wef 10/06/2009*]

Definitions**2. In these Regulations —**

“approved bond intermediary”, “break cost”, “financial institution”, “financial sector incentive (bond market) company”, “financial sector incentive (capital market) company”, “financial sector incentive (standard tier) company”, “prepayment fee”, “qualifying debt securities” and “redemption premium” have the same meanings as in section 13(16) of the Act;

[S 240/2016 wef 01/01/2014]

“Authority” means the Monetary Authority of Singapore;

[S 240/2016 wef 28/06/2013]

“debt securities” means bonds, notes, commercial papers, certificates of deposit, and AT1 instruments (as defined in section 10O(2) of the Act), other than Singapore Government securities;

[S 240/2016 wef Y/A 2015 and sub Ys/A]

“funds from Singapore operations”, in relation to a person, means the funds and profits of that person’s operations through a permanent establishment in Singapore;

“Islamic debt securities” has the same meaning as in section 43N(4) of the Act;

[S 52/2006 wef 01/01/2005]

“offering documents” means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities;

“programme” includes a medium term note programme, a commercial paper programme or any similar programme for the issue of debt securities;

“Singapore-based issuer” —

- (a) in relation to an issuer which is not a special purpose vehicle, means an entity which carries on any operation in Singapore; and

(b) in relation to an issuer which is a special purpose vehicle, means an entity whose sponsor carries on any operation in Singapore;

[S 240/2016 wef 01/01/2014]

“tranche” means a particular issue of debt securities under a programme.

Prescribed conditions for tax exemption on interest income from qualifying debt securities

3.—(1) The conditions referred to in section 13(1)(a) of the Act are as follows:

(a) the exemption from tax shall not apply —

(i) to any interest derived by a permanent establishment in Singapore;

(ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where interest is derived from any qualifying debt securities issued during the period from 27th February 1999 to 31st December 2023 by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires such securities using funds from Singapore operations; or

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(iii) if the issuer of the qualifying debt securities, or such other person as the Authority may direct, has not furnished to the Authority a return on the debt securities within such period as the Authority may

specify and such other particulars in connection with those securities as the Authority may require; and

[S 52/2006 wef 01/01/2005]

[S 240/2016 wef 28/06/2013]

(b) *[Deleted by S 52/2006 wef 01/01/2005]*

(c) where the issuer of the qualifying debt securities is a person who is a resident of or a permanent establishment in Singapore and where such securities are issued to any person who is not a resident of Singapore (referred to in this sub-paragraph as the non-resident person) in connection with or for the purpose of enabling that non-resident person to issue securities (referred to in this sub-paragraph as the relevant securities), directly or indirectly, to investors, the exemption from tax shall apply only if —

(i) the relevant securities are qualifying debt securities;

(ii) the relevant securities contain restrictions against the acquisition of such relevant securities by any investor who is a resident of or a permanent establishment in Singapore; and

(iii) the relevant securities are not acquired by any investor using funds from its Singapore operations.

[S 52/2006 wef 01/01/2005]

(d) *[Deleted by S 52/2006 wef 01/01/2005]*

(2) For the purpose of paragraph (1)(a)(i), where interest on a qualifying debt security is derived —

(a) from funds managed —

(i) before 3rd May 2002, by an Asian Currency Unit of a financial institution or a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A of the Act; or

(ii) on or after 3rd May 2002, by a fund manager in Singapore, by a foreign investor as defined in the Income Tax (Income from Funds Managed for

Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);

[S 350/2005 wef 03/05/2002]

- (b) from funds managed by a headquarters company approved under section 43E of the Act, by its associated company outside Singapore approved under that section; or
- (c) from funds managed by a Finance and Treasury Centre approved under section 43G of the Act, by its associated company outside Singapore approved under that section,

that Asian Currency Unit of the financial institution, fund manager, headquarters company or Finance and Treasury Centre shall not be regarded as a permanent establishment of the foreign investor or approved associated company (as the case may be) solely by virtue of its management of funds on behalf of the foreign investor or approved associated company.

(3) In this regulation, “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 490/2021 wef 01/07/2021]

Prescribed conditions for tax exemption on discount from qualifying debt securities

3A.—(1) The conditions referred to in section 13(1)(aa) of the Act are as follows:

- (a) the exemption from tax shall not apply —
 - (i) to any discount derived by a permanent establishment in Singapore;
 - (ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where any discount is derived from any qualifying debt securities which —

[S 52/2006 wef 26/01/2006]

(A) are issued during the period from 27th February 2004 to 16th February 2006 and which mature within one year from the date of issue of those securities; or

[S 99/2007 wef 17/02/2006]

(B) are issued during the period from 17th February 2006 to 31st December 2023,

[S 99/2007 wef 17/02/2006]

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires such securities using funds from Singapore operations; or

(iii) if the issuer of the qualifying debt securities which are —

(A) issued during the period from 27th February 2004 to 16th February 2006 and which mature within one year from the date of issue of those securities; or

(B) issued during the period from 17th February 2006 to 31st December 2023,

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

or such other person as the Authority may direct, has not furnished to the Authority a return on the debt securities within such period as the Authority may specify and such other particulars in connection with those securities as the Authority may require; and

[S 99/2007 wef 17/02/2006]

[S 240/2016 wef 28/06/2013]

(b) [*Deleted by S 52/2006 wef 01/01/2005*]

(c) where the issuer of the qualifying debt securities is a person who is a resident of or a permanent establishment in Singapore and where such securities are issued to any person who is not a resident of Singapore (referred to in this sub-paragraph as the non-resident person) in connection with or for the purpose of enabling that non-resident person to issue securities (referred to in this sub-paragraph as the relevant securities), directly or indirectly, to investors, the exemption from tax shall apply only if —

- (i) the relevant securities are qualifying debt securities;
- (ii) the relevant securities contain restrictions against the acquisition of such relevant securities by any investor who is a resident of or a permanent establishment in Singapore; and
- (iii) the relevant securities are not acquired by any investor using funds from its Singapore operations.

[S 52/2006 wef 01/01/2005]

(2) For the purpose of paragraph (1)(a)(i), where any discount from any qualifying debt securities is derived —

- (a) from funds managed by a fund manager in Singapore, by a foreign investor as defined in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);
- (b) from funds managed by a headquarters company approved under section 43E of the Act, by its associated company outside Singapore approved under that section; or
- (c) from funds managed by a Finance and Treasury Centre approved under section 43G of the Act, by its associated company outside Singapore approved under that section,

that fund manager, headquarters company or Finance and Treasury Centre shall not be regarded as a permanent establishment of the foreign investor or approved associated company (as the case may be)

solely by virtue of its management of funds on behalf of the foreign investor or approved associated company.

[S 350/2005 wef 27/02/2004]

[S 52/2006 wef 01/01/2005]

Prescribed conditions for tax exemption on any amount payable from Islamic debt securities which are qualifying debt securities

3B.—(1) The conditions referred to in section 13(1)(ab) of the Act are —

(a) the exemption from tax shall not apply —

- (i) to any amount that is payable to a permanent establishment in Singapore from Islamic debt securities which are qualifying debt securities;
- (ii) if the issuer of the Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2023, does not include in all offering documents a statement to the effect that the tax exemption shall not apply where any amount from those Islamic debt securities is payable to any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, if such person acquires such securities using funds from its Singapore operations; or

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

- (iii) if the issuer of the Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2023, or such other person as the Authority may direct, has not furnished to the Authority a return on the Islamic debt securities within such period as the Authority may specify and such other particulars in

connection with those securities as the Authority may require; and

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 28/06/2013]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(b) where the issuer of the Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2023, is a person who is a resident of or a permanent establishment in Singapore and where such securities are issued to a person who is not a resident of Singapore (referred to in this sub-paragraph as a non-resident person) in connection with or for the purpose of enabling that non-resident person to issue securities (referred to in this sub-paragraph as the relevant securities), directly or indirectly, to investors, the exemption from tax shall apply only if —

- (i) the relevant securities are qualifying debt securities;
- (ii) the relevant securities contain restrictions against the acquisition of such relevant securities by any investor who is a resident of or a permanent establishment in Singapore; and
- (iii) the relevant securities are not acquired by any investor using funds from its Singapore operations.

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(2) For the purposes of paragraph (1)(a)(i) —

(a) where a fund manager has invested the funds of a foreign investor, as defined in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003) in the Islamic debt securities as part of the management of those funds on behalf of the foreign investor, and the amount from the Islamic debt securities is payable to the foreign investor through the fund manager;

- (b) where a headquarters company approved under section 43E of the Act has invested the funds of its associated company outside Singapore approved under that section in the Islamic debt securities as part of the management of those funds on behalf of the associated company, and the amount from the Islamic debt securities is payable to the associated company through the headquarters company; or
- (c) where a Finance and Treasury Centre approved under section 43G of the Act has invested the funds of its associated company outside Singapore approved under that section in the Islamic debt securities as part of the management of those funds on behalf of the associated company, and the amount from the Islamic debt securities is payable to the associated company through the Finance and Treasury Centre,

the fund manager, headquarters company or Finance and Treasury Centre shall not be regarded as a permanent establishment of the foreign investor or approved associated company (as the case may be) solely by virtue of its management of funds on behalf of the foreign investor or approved associated company.

[S 52/2006 wef 01/01/2005]

Prescribed conditions for tax exemption on break cost, prepayment fee and redemption premium from qualifying debt securities

3C.—(1) The conditions referred to in section 13(1)(ba) of the Act are —

- (a) the exemption from tax shall not apply —
 - (i) to any break cost, prepayment fee or redemption premium derived by a permanent establishment in Singapore;
 - (ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where any break cost, prepayment fee or redemption premium is derived from any qualifying

debt securities issued during the period from 15th February 2007 to 31st December 2023 by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires such securities using funds from its Singapore operations; or

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

- (iii) if the issuer of the qualifying debt securities issued during the period from 15th February 2007 to 31st December 2023, or such other person as the Authority may direct, has not furnished to the Authority a return on the debt securities within such period as the Authority may specify and such other particulars in connection with those securities as the Authority may require; and

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 28/06/2013]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

- (b) where the issuer of the qualifying debt securities issued during the period from 15th February 2007 to 31st December 2023, is a person who is a resident of or a permanent establishment in Singapore and where such securities are issued to any person who is not a resident of Singapore (referred to in this sub-paragraph as a non-resident person) in connection with or for the purpose of enabling that non-resident person to issue securities (referred to in this sub-paragraph as the relevant securities), directly or indirectly, to investors, the exemption from tax shall apply only if —

- (i) the relevant securities are qualifying debt securities;

- (ii) the relevant securities contain restrictions against the acquisition of such relevant securities by any investor who is a resident of or a permanent establishment in Singapore; and
- (iii) the relevant securities are not acquired by any investor using funds from its Singapore operations.

[S 268/2009 wef 01/01/2005]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(2) For the purposes of paragraph (1)(a)(i), where any break cost, prepayment fee or redemption premium from any qualifying debt securities is derived —

- (a) from funds managed by a fund manager in Singapore, by a foreign investor as defined in regulations made under section 13C or 13CA of the Act;
- (b) from funds managed by a headquarters company approved under section 43E of the Act, by its associated company outside Singapore approved under that section; or
- (c) from funds managed by a Finance and Treasury Centre approved under section 43G of the Act, by its associated company outside Singapore approved under that section,

that fund manager, headquarters company or Finance and Treasury Centre shall not be regarded as a permanent establishment of the foreign investor or approved associated company (as the case may be) solely by virtue of its management of funds on behalf of the foreign investor or approved associated company.

[S 399/2008 wef 15/02/2007]

Prescribed condition for tax exemption under section 13(1)(bc) of Act

3D. The exemption from tax under section 13(1)(bc) of the Act shall not apply if the issuer of the qualifying debt securities, or such other person as the Authority may direct, has not furnished to the Authority —

- (a) a return on the debt securities within such period as the Authority may specify; and

[S 240/2016 wef 28/06/2013]

- (b) such other particulars in connection with those securities as the Authority may require.

[S 268/2009 wef 16/02/2009]

[S 240/2016 wef 28/06/2013]

Prescribed circumstances for tax exemption under section 13(1)(bc) of Act

3DA. The circumstances mentioned in section 13(1)(bc)(i)(C)(CB) and (ii)(C) of the Act under which the tenure of the qualifying debt securities may be shortened to less than 10 years from the date of their issue are —

- (a) the shortening of the tenure is a result of any early termination pursuant to an early termination clause specified in the Schedule which the issuer included in any offering document for those qualifying debt securities; and
- (b) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the securities at the time of their issue.

[S 240/2016 wef 28/06/2013]

Prescribed condition for tax exemption under section 13(1)(bd) of Act

3E. The exemption from tax under section 13(1)(bd) of the Act shall not apply if the issuer of the Islamic debt securities, or such other person as the Authority may direct, has not furnished to the Authority —

- (a) a return on the debt securities within such period as the Authority may specify; and

[S 240/2016 wef 28/06/2013]

- (b) such other particulars in connection with those securities as the Authority may require.

[S 268/2009 wef 16/02/2009]

[S 240/2016 wef 28/06/2013]

Arrangements for qualifying debt securities

4.—(1) The arrangements referred to in paragraph (b) of the definition of “qualifying debt securities” in section 13(16) of the Act are as follows:

- (a) where the debt securities are issued during the period from 28th February 1998 to 9th May 1999 —

- (i) the securities are substantially arranged by a financial institution in Singapore; and
- (ii) at least half of the following functions in connection with the issue of the securities are performed by financial institutions in Singapore:

- (A) securing the mandate;
- (B) originating and structuring the debt issue;
- (C) documentation and preparation of the offering circular;
- (D) distribution of the issue of the securities;

- (b) where the debt securities are issued during the period from 10th May 1999 to 31st December 2013 and where such securities are not issued under a programme —

- (i) the lead manager is —
 - (A) in the case of an arrangement made before 1st January 2004, an approved bond intermediary;
 - (B) in the case of an arrangement made on or after 1st January 2004, a financial sector incentive (bond market) company; or

[S 350/2005 wef 03/12/2003]

- (ii) the staff of the financial institution arranging the issue who are based in Singapore have a leading and substantial role in originating and structuring the issue and its distribution;

[S 350/2005 wef 03/12/2003]

[S 268/2009 wef 01/01/2009]

- (ba) where the debt securities are issued during the period from 1 January 2014 to 31 December 2023 and are not issued under a programme, any one of the following is satisfied:

- (i) the lead manager is any, or if there is more than one lead manager, more than half of the lead managers are any or any combination, of the following:

- (A) a financial sector incentive (bond market) company;

- (B) a financial sector incentive (capital market) company;

- (C) a financial sector incentive (standard tier) company;

- (ii) if the issuer is a Singapore-based issuer —

- (A) more than half of the amount of gross revenue from arranging the issue is attributable to any or any combination of the following:

- (AA) a financial sector incentive (bond market) company;

- (AB) a financial sector incentive (capital market) company;

- (AC) a financial sector incentive (standard tier) company; and

- (B) more than half of the staff arranging the issue, of the company or cumulatively of the companies mentioned in sub-paragraph (A), are based in Singapore;

(iii) if the issuer is not a Singapore-based issuer, more than half of the debt securities issued under the issue are distributed by any or any combination of the following:

(A) a financial sector incentive (bond market) company;

(B) a financial sector incentive (capital market) company;

(C) a financial sector incentive (standard tier) company;

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(c) where the debt securities are issued during the period from 10th May 1999 to 31st December 2023 under a programme —

(i) the programme as a whole is arranged by an approved bond intermediary, the arrangement of which is completed on or before 31st December 2003;

(ii) the programme as a whole is arranged by an approved bond intermediary, the arrangement of which is not completed on or before 31st December 2003 by the approved bond intermediary and the arrangement is completed by a financial sector incentive (bond market) company;

[S 240/2016 wef 01/01/2014]

(iii) the programme as a whole is arranged by a financial sector incentive (bond market) company;

(iv) the programme as a whole is arranged by a financial sector incentive (bond market) company, the arrangement of which is not completed on or before 31 December 2013 by the financial sector incentive (bond market) company, and the arrangement is completed on or after 1 January 2014 by a financial sector incentive (capital market)

company or a financial sector incentive (standard tier) company; or

[S 240/2016 wef 01/01/2014]

- (v) the programme as a whole is arranged on or after 1 January 2014 by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company;

[S 350/2005 wef 03/12/2003]

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

- (d) where the debt securities are issued during the period from 10th May 1999 to 31st December 2023 by a new issuer who joins an existing programme which does not satisfy the requirement in sub-paragraph (c) —

- (i) the participation of the new issuer in the programme is arranged by an approved bond intermediary, the arrangement of which is completed on or before 31st December 2003, and that programme as a whole was previously arranged by an affiliate of any approved bond intermediary, the arrangement of which is completed on or before 31st December 2003;

[S 240/2016 wef 01/01/2014]

- (ii) the participation of the new issuer in the programme is arranged by a financial sector incentive (bond market) company, and that programme as a whole was previously arranged by an affiliate of any approved bond intermediary, the arrangement of which is completed on or before 31st December 2003;

[S 240/2016 wef 01/01/2014]

- (iii) the participation of the new issuer in the programme is arranged by a financial sector incentive (bond market) company, and that programme as a whole

was previously arranged by an affiliate of any financial sector incentive (bond market) company; or

[S 240/2016 wef 01/01/2014]

(iv) the participation of the new issuer in the programme is arranged on or after 1 January 2014 by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company, and that programme as a whole —

(A) was previously arranged by an affiliate of any financial sector incentive (bond market) company; or

(B) was previously arranged on or after 1 January 2014 by an affiliate of any financial sector incentive (capital market) company or financial sector incentive (standard tier) company;

[S 350/2005 wef 03/12/2003]

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(e) where the debt securities are issued during the period from 10th May 1999 to 31st December 2013 under a tranche of a programme which does not satisfy the requirement in sub-paragraph (c) or (d), the dealers for more than half of the debt securities issued under that tranche are —

(i) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of the debt securities;

(ii) approved bond intermediaries; or

(iii) financial sector incentive (bond market) companies;

[S 350/2005 wef 03/12/2003]

[S 52/2006 wef 01/01/2005]

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

(f) where the debt securities are issued during the period from 1 January 2014 to 31 December 2023 under a tranche of a programme and the programme does not satisfy the requirements in sub-paragraph (c) or (d), more than half of the debt securities issued under that tranche are distributed by any or any combination of the following:

- (i) a financial sector incentive (bond market) company;
- (ii) a financial sector incentive (capital market) company;
- (iii) a financial sector incentive (standard tier) company.

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(1A) The arrangements referred to in paragraph (c) of the definition of “qualifying debt securities” in section 13(16) of the Act are —

(a) where the Islamic debt securities are issued during the period from 1 January 2005 to 31 December 2013 and are not issued under a programme —

- (i) the lead manager is a financial sector incentive (bond market) company; or
- (ii) the staff of the financial institution arranging the issue who are based in Singapore have a leading and substantial role in originating and structuring the issue and its distribution;

[S 240/2016 wef 01/01/2014]

(aa) where the Islamic debt securities are issued during the period from 1 January 2014 to 31 December 2023 and are not issued under a programme, any one of the following is satisfied:

- (i) the lead manager is any, or if there is more than one lead manager, more than half of the lead managers are any or any combination, of the following:
 - (A) a financial sector incentive (bond market) company;

- (B) a financial sector incentive (capital market) company;
 - (C) a financial sector incentive (standard tier) company;
- (ii) if the issuer is a Singapore-based issuer —
- (A) more than half of the amount of gross revenue from arranging the issue is attributable to any or any combination of the following:
 - (AA) a financial sector incentive (bond market) company;
 - (AB) a financial sector incentive (capital market) company;
 - (AC) a financial sector incentive (standard tier) company; and
 - (B) more than half of the staff arranging the issue, of the company or cumulatively of the companies mentioned in sub-paragraph (A), are based in Singapore;
- (iii) if the issuer is not a Singapore-based issuer, more than half of the debt securities issued under the issue are distributed by any or any combination of the following:
- (A) a financial sector incentive (bond market) company;
 - (B) a financial sector incentive (capital market) company;
 - (C) a financial sector incentive (standard tier) company;
- [S 240/2016 wef 01/01/2014]*
[S 869/2018 wef 27/12/2018]
- (b) where the Islamic debt securities are issued during the period from 1 January 2005 to 31 December 2023 under a programme —

- (i) the programme as a whole is arranged by an approved bond intermediary, the arrangement of which is completed on or before 31st December 2003;
- (ii) the programme as a whole is arranged by an approved bond intermediary, the arrangement of which is not completed on or before 31st December 2003 by the approved bond intermediary and the arrangement is completed by a financial sector incentive (bond market) company;
[S 240/2016 wef 01/01/2014]
- (iii) the programme as a whole is arranged by a financial sector incentive (bond market) company;
- (iv) the programme as a whole is arranged by a financial sector incentive (bond market) company, the arrangement of which is not completed on or before 31 December 2013 by the financial sector incentive (bond market) company, and the arrangement is completed on or after 1 January 2014 by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company; or
[S 240/2016 wef 01/01/2014]
- (v) the programme as a whole is arranged on or after 1 January 2014 by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company;
[S 240/2016 wef 01/01/2014]
[S 869/2018 wef 27/12/2018]
- (c) where the Islamic debt securities are issued during the period from 1 January 2005 to 31 December 2023 by a new issuer who joins an existing programme which does not satisfy the requirement in sub-paragraph (b) —
 - (i) the participation of the new issuer in the programme is arranged by a financial sector incentive (bond

market) company, and that programme as a whole was previously arranged by an affiliate of any approved bond intermediary, the arrangement of which is completed on or before 31st December 2003;

[S 240/2016 wef 01/01/2014]

- (ii) the participation of the new issuer in the programme is arranged by a financial sector incentive (bond market) company, and that programme as a whole was previously arranged by an affiliate of any financial sector incentive (bond market) company; or

[S 240/2016 wef 01/01/2014]

- (iii) the participation of the new issuer in the programme is arranged on or after 1 January 2014 by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company, and that programme as a whole —

(A) was previously arranged by an affiliate of any financial sector incentive (bond market) company; or

(B) was previously arranged on or after 1 January 2014 by an affiliate of any financial sector incentive (capital market) company or financial sector incentive (standard tier) company;

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

- (d) where the Islamic debt securities are issued during the period from 1 January 2005 to 31 December 2013 under a tranche of a programme which does not satisfy the requirement in sub-paragraph (b) or (c), the dealers for more than half of the Islamic debt securities issued under that tranche are —

- (i) financial institutions in Singapore where their staff based in Singapore have a leading and substantial

role in the distribution of the Islamic debt securities;
or

- (ii) financial sector incentive (bond market) companies;
and

[S 52/2006 wef 01/01/2005]

[S 240/2016 wef 01/01/2014]

- (e) where the Islamic debt securities are issued during the period from 1 January 2014 to 31 December 2023 under a tranche of a programme and the programme does not satisfy the requirements in sub-paragraph (b) or (c), more than half of the Islamic debt securities issued under that tranche are distributed by any or any combination of the following:

- (i) a financial sector incentive (bond market) company;
- (ii) a financial sector incentive (capital market) company;
- (iii) a financial sector incentive (standard tier) company.

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(2) For the purposes of paragraphs (1)(b)(ii) and (e) and (1A)(a)(ii) and (d), the Singapore-based staff of a financial institution (other than an approved bond intermediary or a financial sector incentive (bond market) company) arranging an issue of debt securities shall be deemed not to have a leading and substantial role in originating and structuring of the issue and its distribution if a major role in the origination, structuring or distribution of the issue was played by staff (whether of that financial institution, its affiliate or otherwise) based outside Singapore.

[S 350/2005 wef 03/12/2003]

[S 52/2006 wef 01/01/2005]

Determination of exempt income, and deductions

4A.—(1) In determining the income of a person to be exempted from tax under section 13(1)(bc) or (bd) of the Act —

(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; and

[S 521/2013 wef YA 2013 & Sub Ys/A]

(b) there shall be deducted from that income any allowances under section 19, 19A, 20, 21 or 22 of the Act attributable to that income notwithstanding that no claim for those allowances has been made.

(2) Any balance of the allowances mentioned in paragraph (1)(b) shall only be deducted against any income referred to in section 13(1)(bc) or (bd) of the Act of the person for subsequent years of assessment, and shall not be deducted against any other income of the person.

(3) Any losses incurred in respect of any qualifying debt securities referred to in section 13(1)(bc) or (bd) of the Act shall only be deducted against any income referred to in section 13(1)(bc) or (bd) of the Act of the person for subsequent years of assessment, and shall not be deducted against any other income of the person.

(4) Any balance of the allowances mentioned in paragraph (2) and losses mentioned in paragraph (3) remaining unabsorbed on the date the tax exemption ceases shall, subject to paragraphs (5), (6) and (7) be available as a deduction against any other income of the person for the year of assessment which relates to the basis period in which the tax exemption ceases, and any subsequent year of assessment.

(5) Section 37B of the Act shall, with the necessary modifications, apply to a deduction under paragraph (4) as if the balance of the allowances or losses available as a deduction under that paragraph 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 in accordance with the regulations made under section 43N of the Act.

(6) Allowances may be deducted under paragraph (4) only if the person continues to carry on the trade or business in respect of the gains or profits of which the allowances falls to be made, and the allowances shall be disregarded if he has ceased to do so.

(7) Sections 23(4) to (8) and 37(12) to (17) of the Act shall apply, with the necessary modifications, to a deduction under paragraph (4).

(8) In paragraph (4), the tax exemption ceases when the person ceases to be in a position to derive income referred to in section 13(1)(*bc*) or (*bd*) of the Act, whether because the qualifying debt securities have reached maturity, the person has disposed of them or otherwise.

[S 268/2009 wef 16/02/2009]

Waiver of withholding of tax in respect of interest paid to or discount derived by non-resident person

5.—(1) The conditions referred to in sections 45(9) and 45A(2) of the Act are as follows:

(a) an issuer of any qualifying debt securities includes in all offering documents a statement to the effect that any person whose interest or discount derived from those securities is not exempt from tax shall include such interest or discount in a return of income made under the Act; and

[S 350/2005 wef 27/02/2004]

(b) an issuer of any qualifying debt securities, or such other person as the Authority may direct, furnishes to the Authority a return on the debt securities within such period as the Authority may specify and such other particulars in connection with those securities as the Authority may require.

[S 350/2005 wef 27/02/2005]

[S 52/2006 wef 01/01/2005]

[S 240/2016 wef 28/06/2013]

(2) The conditions referred to in section 45A(2A) of the Act are —

(a) an issuer of any Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2023, includes in all offering documents a statement to the effect that any person to whom an amount from those Islamic debt securities is payable shall, where such amount is not

exempt from tax, include such amount in a return of income made under the Act;

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(b) an issuer of any Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2023, or such other person as the Authority may direct, furnishes to the Authority —

(i) a return on the debt securities within such period as the Authority may specify; and

[S 240/2016 wef 28/06/2013]

(ii) such other particulars in connection with those Islamic debt securities as the Authority may require.

[S 268/2009 wef 01/01/2009]

[S 52/2006 wef 01/01/2005]

[S 240/2016 wef 28/06/2013]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

(3) The conditions referred to in section 45A(2B) of the Act are —

(a) an issuer of any qualifying debt securities includes in all offering documents a statement to the effect that any person whose break cost, prepayment fee or redemption premium derived from those securities is not exempt from tax shall include such break cost, prepayment fee or redemption premium in a return of income made under the Act; and

(b) an issuer of any qualifying debt securities, or such other person as the Authority may direct, furnishes to the Authority a return on the debt securities within such period as the Authority may specify and such other

particulars in connection with those securities as the Authority may require.

[S 399/2008 wef 15/02/2007]

[S 240/2016 wef 28/06/2013]

THE SCHEDULE

Regulation 3DA

PRESCRIBED EARLY TERMINATION CLAUSES

<i>First column</i>	<i>Second column</i>
<i>Type of early termination clause</i>	<i>Description of early termination circumstances covered by clause</i>
1. Change in tax law	This clause allows the issuer to redeem the qualifying debt securities before maturity when a change in tax laws results in additional tax liability.
2. Default event	This clause allows the qualifying debt securities holder to redeem the principal investment of the holder from the issuer or to convert the qualifying debt securities to equity should any event that has been agreed to be an event of default occur (including when the issuer is unable to service the coupon payments, is made bankrupt, or faces court proceedings).
3. Change of control or change of shareholding	This clause allows the qualifying debt securities holder to put the qualifying debt securities back to the issuer for redemption before maturity, or the issuer to redeem the securities before maturity, when there is a change in the controlling shareholder or shareholders of the issuer.
4. Change in listing status of an issuer or trading disruption	This clause allows the qualifying debt securities holder to put the qualifying debt securities back to the issuer for redemption before maturity, or the issuer to redeem the securities before maturity, when the shares of the issuer cease to be listed or are suspended for trading beyond

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Type of early termination clause</i>	<i>Description of early termination circumstances covered by clause</i>
5. Change of qualification event due to regulatory capital requirements	<p>a certain period in a certain stock exchange.</p> <p>This clause allows the issuer to redeem the qualifying debt securities before maturity where the issuer issued the securities with the intention to treat them as either Tier 1 or Tier 2 capital or such other class of designated regulatory capital as the Authority may allow and, because of any change in the relevant requirements for classification of regulatory capital, the securities are no longer treated as Tier 1 or Tier 2 capital or such other class of designated regulatory capital (as the case may be).</p>
6. Change in accounting classification	<p>This clause allows the issuer to redeem the qualifying debt securities before maturity where the issuer issued the qualifying debt securities with the intention of classifying them as equity, and, because of a change in the relevant accounting standard or a change in rating, the securities have a lower equity credit than was originally assigned or the securities are no longer regarded as equity.</p>
7. Change in rating	<p>This clause allows the issuer to redeem the qualifying debt securities before maturity where the securities are issued with an assigned rating of a certain level (e.g. investment grade), and the rating is downgraded by a specified threshold or it is publicly announced that the securities are being considered for a downgrade, whether or not as a result of a change in the issuer's circumstances (e.g. change of control) or for any other reason.</p>

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Type of early termination clause</i>	<i>Description of early termination circumstances covered by clause</i>
8. Repurchase upon a non-compliance	This clause requires the issuer to offer to repurchase all of the qualifying debt securities if the securities issued by the issuer require registration with any local regulator and such registration is not obtained.
9. Purchase	This clause allows the issuer and its related parties to purchase the qualifying debt securities from the open market.
10. Modification and amendment	This clause allows the issuer to redeem the qualifying debt securities before maturity in specific circumstances that the issuer is not able to completely describe upfront. The issuer may invoke this clause to seek majority qualifying debt securities holders' consent to restructure the terms of the qualifying debt securities issue (which may include modifying the maturity date, reducing the principal amount, or changing the currency of the payment) in order to — (a) avoid a default; or (b) implement corporate restructuring.
11. Amendment of written law relevant to issuance	This clause requires the issuer, at the option of the qualifying debt securities holder, to repurchase the qualifying debt securities, where the securities are issued by an authority or body established by written law to discharge functions of a public nature, and the written law is amended such that the issuer ceases to be such an authority or a body, or the

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
<i>Type of early termination clause</i>	<i>Description of early termination circumstances covered by clause</i>
	securities cease to be the obligations of the issuer.

[S 240/2016 wef 28/06/2013]

[G.N. No. S 212/2001]

LEGISLATIVE HISTORY
INCOME TAX (QUALIFYING DEBT SECURITIES)
REGULATIONS
(CHAPTER 134, RG 35)

This Legislative History is provided for the convenience of users of the Income Tax (Qualifying Debt Securities) Regulations. It is not part of these Regulations.

1. G. N. No. S 212/2001 — Income Tax (Qualifying Debt Securities) Regulations 2001

Date of commencement : 10 April 2001

2. G. N. No. S 350/2005 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2005

Date of commencement : 10 April 2001

3. 2002 Revised Edition — Income Tax (Qualifying Debt Securities) Regulations

Date of operation : 31 January 2002

4. G. N. No. S 350/2005 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2005

Date of commencement : 3 May 2002

5. G. N. No. S 350/2005 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2005

Date of commencement : 3 December 2003

6. G. N. No. S 350/2005 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2005

Date of commencement : 1 January 2004

7. G. N. No. S 350/2005 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2005

Date of commencement : 27 February 2004

8. G. N. No. S 52/2006 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2006

Date of commencement : 1 January 2005

9. G. N. No. S 52/2006 — Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2006

Date of commencement : 26 January 2006

**10. G. N. No. S 99/2007 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2007**

Date of commencement : 17 February 2006

**11. G. N. No. S 399/2008 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2008**

Date of commencement : 15 February 2007

**12. G. N. No. S 268/2009 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2009**

Date of commencement : 16 February 2008

**13. G. N. No. S 268/2009 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2009**

Date of commencement : 1 January 2009

**14. G. N. No. S 268/2009 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2009**

Date of commencement : 10 June 2009

**15. G. N. No. S 240/2016 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2016**

Date of commencement : 28 June 2013

**16. G.N. No. S 521/2013 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2013**

Date of commencement : 13 August 2013

**17. G. N. No. S 240/2016 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2016**

Date of commencement : 1 January 2014

**18. G. N. No. S 240/2016 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2016**

Date of commencement : 26 May 2016

**19. G.N. No. S 869/2018 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2018**

Date of commencement : 27 December 2018

**20. G.N. No. S 490/2021 — Income Tax (Qualifying Debt Securities)
(Amendment) Regulations 2021**

Date of commencement : 1 July 2021