

INCOME TAX ACT  
(CHAPTER 134, SECTION 43E)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR  
APPROVED HEADQUARTERS COMPANY) REGULATIONS

ARRANGEMENT OF REGULATIONS

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[11th December 1992]

**Citation**

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

**Definitions**

2. In these Regulations —

“qualifying services” means the following services provided by an approved headquarters company to its offices, associated companies and other persons where such offices, associated companies and other persons are outside Singapore and have been approved under section 43E(2) or (3) of the Act:

- (a) providing general management and administration;
- (b) providing business planning and co-ordination;

- (c) procurement of raw materials and components for use in the business of its approved offices and associated companies and other approved persons;
- (d) providing technical support services;
- (e) providing marketing control and sales promotion planning;
- (f) providing training and personnel management;
- (g) providing corporate finance advisory services;
- (h) performing economic or investment research and analysis;
- (i) providing credit administration and control;
- (j) research and development work carried out in Singapore on behalf of its approved offices and associated companies outside Singapore;
- (k) arranging credit facilities for its approved offices and associated companies outside Singapore in currencies other than Singapore dollars where the funds for providing the facilities are obtained from —
  - (i) financial institutions in Singapore; and
  - (ii) the accumulated profits of its other approved offices and associated companies;
- (l) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where —
  - (i) in the case of a guarantee, performance bond or standby letter of credit, the party in whose favour the facility is issued is an Asian Currency Unit of a financial institution in Singapore, or a person who is neither a resident of nor a permanent establishment in Singapore, or a permanent establishment outside Singapore of a person resident in Singapore in respect of any business

- carried on outside Singapore through that permanent establishment;
- (ii) in the case of services relating to remittances, the person to whom the remittances are made is an Asian Currency Unit of a financial institution in Singapore or is a person who is neither a resident of nor a permanent establishment in Singapore;
- (m) arranging interest rate or currency swaps in currencies other than Singapore dollars with —
- (i) an Asian Currency Unit of a financial institution in Singapore;
  - (ii) a person who is neither a resident of nor a permanent establishment in Singapore; or
  - (iii) a branch office outside Singapore of a company resident in Singapore;
- (n) managing the funds of any of its approved offices or associated companies outside Singapore for the purpose of any designated investments within the meaning of the Income Tax (Income from Funds Managed for Foreign Investors) Regulations (Rg 8) and where the associated company is not resident in Singapore and, unless otherwise approved by the Minister or such person as he may appoint —

*[S 92/2006 wef 30/01/2006]*

- (i) not less than 80% of the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;
- (ii) has no permanent establishment in Singapore other than the approved headquarters company;
- (iii) does not carry on business in Singapore;

- (iv) does not beneficially own more than 20% of the total number of issued shares of any company incorporated in Singapore; and

*[S 92/2006 wef 30/01/2006]*

- (v) does not have 20% or more of the total number of its issued shares beneficially owned, directly or indirectly, by a company which does not fall within sub-paragraph (ii), (iii) or (iv);

*[S 92/2006 wef 30/01/2006]*

*[S 490/2003 wef 27/10/2003]*

“qualifying treasury, investment or financial activities” means the following activities carried out by an approved headquarters company on its own account:

- (a) transacting or investing in stocks and shares, denominated in any currency other than Singapore dollars, of companies which are neither incorporated nor resident in Singapore;
- (b) transacting or investing in securities, other than stocks and shares, denominated in any currency other than Singapore dollars (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies which are neither incorporated nor resident in Singapore;
- (c) transacting or investing in certificates of deposit, notes and bonds, denominated in any currency other than Singapore dollars, issued by an Asian Currency Unit of a financial institution in Singapore;
- (d) transacting or investing in Asian Dollar Bonds approved under section 13(1)(v) of the Act;
- (e) investing in foreign currency deposits with an Asian Currency Unit of a financial institution in Singapore or with financial institutions outside Singapore;
- (f) foreign exchange transactions, in currencies other than Singapore dollars, with banks outside Singapore or

persons who are neither residents of nor permanent establishments in Singapore or with an Asian Currency Unit of a financial institution in Singapore;

- (g) transactions involving interest rate or currency swaps in currencies other than Singapore dollars for or with banks outside Singapore or persons who are neither residents of nor permanent establishments in Singapore or with an Asian Currency Unit of a financial institution in Singapore;
- (h) transactions in financial futures contracts or options denominated in currencies other than Singapore dollars with a member of any exchange specified in the Schedule;
- (i) factoring, forfaiting and re-invoicing activities, denominated in currencies other than Singapore dollars, for its approved offices and associated companies outside Singapore; and
- (j) providing credit facilities in currencies other than Singapore dollars to its approved offices and associated companies outside Singapore,

where the funds used for carrying out the activities are denominated in currencies other than Singapore dollars and are obtained from —

- (i) financial institutions in Singapore;
- (ii) its paid-up capital;
- (iii) its accumulated profits derived from qualifying activities and qualifying services approved under section 43E(2) or (3) of the Act;

*[S 490/2003 wef 05/09/2003]*

- (iv) its approved offices and associated companies, but excluding such funds borrowed or raised by the approved offices or associated companies, as the case may be, from sources other than —

- (A) financial institutions in Singapore;

- (B) banks outside Singapore;
- (C) non-bank financial institutions outside Singapore which are not offices or associated companies of the approved headquarters company; and
- (D) the issuance of any bond, note, debenture or other debt security which is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved headquarters company which is not an approved office or associated company of the approved headquarters company;

*[S 490/2003 wef 05/09/2003]*

- (v) the issuance of any bond, note, debenture or other debt security which is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved headquarters company which is not an approved office or associated company of the approved headquarters company;

*[S 490/2003 wef 05/09/2003]*

- (vi) banks outside Singapore; and
- (vii) non-bank financial institutions outside Singapore which are not its offices or associated companies.

*[S 490/2003 wef 05/09/2003]*

### **Approved headquarters company**

3.—(1) The Minister, or such person as he may appoint, may approve any headquarters company for the purposes of section 43E of the Act for such period not exceeding 10 years as he may specify.

(2) The Minister, or such person as he may appoint, may in any particular case extend the period specified in paragraph (1) for such further periods, not exceeding 10 years at any one time, as he thinks fit.

### **Concessionary rate of tax**

4.—(1) Tax shall be payable at the rate of 10% on the income of an approved headquarters company —

- (a) in respect of the provision of qualifying services which have been approved under section 43E(2)(a) of the Act; and
- (b) in respect of qualifying treasury, investment or financial activities which have been approved under section 43E(2)(b) of the Act.

(2) Notwithstanding paragraph (1), there shall be exempt from tax the income of a headquarters company approved under section 43E(3) of the Act in respect of the provision of qualifying services which have been approved under section 43E(3)(a) of the Act.

*[S 490/2003 wef 27/10/2003]*

(3) This regulation shall apply in relation to an approved headquarters company from such date as the Minister, or such person as he may appoint, may specify.

### **Determination of income chargeable to tax**

5. For the purposes of regulation 4(1), the Comptroller shall determine —

- (a) the income chargeable to tax at the rate of 10% of an approved headquarters company having regard to such expenses, capital allowances and donations allowable under the Act as are, in his opinion, to be deducted in ascertaining such income; and
- (b) the manner and extent to which any losses arising from the qualifying services and qualifying treasury, investment or financial activities approved under section 43E(2) of the Act may be deducted under the Act in ascertaining the chargeable income of the approved headquarters company.

*[S 92/2006 wef 30/01/2006]*

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

6.—(1) In determining the income of an approved headquarters company to be exempted from tax under regulation 4 —

- (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 516/2013 wef Y/A 2013 & subsq 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;

- (c) any balance of the allowances mentioned in sub-paragraph (b) and any losses incurred in respect of the provision of qualifying services approved under section 43E(3)(a) of the Act shall only be deducted against income to be exempted under regulation 4, and any balance of such allowances and losses shall not be deducted against any other income; and

*[S 490/2003 wef 27/10/2003]*

- (d) any balance of the allowances and losses mentioned in sub-paragraph (c) remaining unabsorbed as at the end of the period for which the exemption from tax under regulation 4 is approved shall, subject to paragraph (2), be available as a deduction against any other income of the company for the year of assessment which relates to the basis period in which the tax exemption ceases 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 concessionary income under that section.

## THE SCHEDULE

Regulation 2

### EXCHANGES

1. Chicago Mercantile Exchange.

THE SCHEDULE — *continued*

2. Chicago Board of Trade.
3. Commodity Exchange, Incorporated (New York).
4. London International Financial Futures Exchange.
5. The futures market maintained by the Singapore Exchange Limited or any of its subsidiaries.

*[S 490/2003 wef 01/12/1999]*

6. Sydney Futures Exchange.
7. Deutsche Terminboerse.
8. Marche a Terme International de France.
9. New York Mercantile Exchange.
10. New Zealand Futures and Options Exchange.
11. Tokyo Stock Exchange.

*[G.N. Nos. S 502/92; S 419/93; S 176/96; S 516/99]*

## LEGISLATIVE HISTORY

### INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED HEADQUARTERS COMPANY) REGULATIONS (CHAPTER 134, RG 6)

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

**1. G. N. No. S 43/1988 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations 1988**

Date of commencement : 4 March 1988

**2. 1990 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations**

Date of operation : 25 March 1992

**3. G. N. No. S 502/1992 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations 1992**

Date of commencement : 11 December 1992

**4. 1993 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations 1993**

Date of operation : 1 April 1993

**5. G. N. No. S 419/1993 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations 1993**

Date of commencement : 22 October 1993

**6. G. N. No. S 176/1996 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 1996**

Date of commencement : 28 February 1995

**7. G. N. No. S 176/1996 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 1996**

Date of commencement : 26 April 1996

**8. 1998 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations**

Date of operation : 15 September 1998

**9. G. N. No. S 516/1999 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 1999**

Date of commencement : 25 November 1999

**10. G. N. No. S 490/2003 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 2003**

Date of commencement : 1 December 1999

**11. G. N. No. S 490/2003 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 2003**

Date of commencement : 5 September 2000

**12. 2001 Revised Edition — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations**

Date of operation : 31 May 2001

**13. G. N. No. S 490/2003 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 2003**

Date of commencement : 27 October 2003

**14. G. N. No. S 92/2006 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 2006**

Date of commencement : 30 January 2006

**15. G. N. No. S 516/2013 — Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) (Amendment) Regulations 2013**

Date of commencement : 13 August 2013