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## No. S 136

### INCOME TAX ACT (CHAPTER 134)

#### INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED INSURANCE BROKERS) REGULATIONS 2009

##### ARRANGEMENT OF REGULATIONS

###### Regulation

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In exercise of the powers conferred by section 43ZC of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

#### **Citation and commencement**

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Insurance Brokers) Regulations 2009 and shall be deemed to have come into operation on 1st April 2008.

#### **Definitions**

2. In these Regulations —

“advisory services” means risk advisory services and other advisory services relating to the insurance sector;

“approved insurance broker” has the same meaning as in section 43ZC(5) of the Act;

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“insurance broking” means direct insurance broking or reinsurance broking;

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

- (a) terrorism risks;
- (b) political risks;
- (c) energy risks;
- (d) aviation and aerospace risks;
- (e) agricultural risks;
- (f) risks arising from a natural catastrophe;

*[S 143/2015 wef 20/03/2015]*

“specified person” means —

- (a) in relation to the provision of insurance broking from which commission and fee income is derived by an approved insurance broker before 1 April 2013, any insured person or person seeking insurance coverage —
  - (i) who is not resident in Singapore and who does not have any permanent establishment in Singapore; or
  - (ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to finance the premiums, brokerage fees and any other fees paid or payable to the approved insurance broker are not obtained, directly or indirectly, from the operation;
- (b) in relation to the provision of insurance broking from which commission and fee income is derived by an approved insurance broker on or after 1 April 2013, any insured person or person seeking insurance coverage for offshore risks; and

- (c) in relation to the provision of advisory services from which commission and fee income is derived by an approved insurance broker, whether before, on or after 1 April 2013, any person —
- (i) who is not resident in Singapore and who does not have a permanent establishment in Singapore; or
  - (ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to finance the service fees paid or payable to the approved insurance broker are not obtained, directly or indirectly, from the operation.

*[S 143/2015 wef 20/03/2015]*

### **Application**

**2A.** These Regulations apply to an approved insurance broker that is approved as such before 1 June 2017.

*[S 609/2017 wef 01/06/2017]*

### **Period of concession**

**3.** The Minister, or such person as he may appoint, may approve any insurance broker for the purposes of section 43ZC of the Act for such period not exceeding 10 years as he may specify.

### **Concessionary rate of tax**

**4.—(1)** Subject to paragraph (2), tax is payable at the rate of 10% on the commission and fee income derived by an approved insurance broker from the provision of insurance broking or advisory services to a specified person.

(2) However, tax is payable at the rate of 5% on the commission and fee income referred to in paragraph (1) if —

- (a) the commission and fee income is derived on or after 1 April 2013; and

- (b) the insurance broking or advisory services provided to the specified person relate to offshore qualifying specialised insurance risks.

*[S 143/2015 wef 20/03/2015]*

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

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

- (a) the income chargeable to tax of an approved insurance broker 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 insurance broking and advisory services specified in regulation 4 may be deducted under section 37(3) of the Act in ascertaining the chargeable income of the approved insurance broker.

Made this 30th day of March 2009.

TEO MING KIAN  
*Permanent Secretary,  
Ministry of Finance,  
Singapore.*

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