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No. S 136

INCOME TAX ACT (CHAPTER 134)

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

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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 —

[Deleted by S 494/2021 wef 01/07/2021]

“advisory service” means any risk advisory service, or other advisory service relating to any insurance policy;

[S 494/2021 wef 01/07/2021]

“approved insurance broker” means a company that is a direct insurance broker, general reinsurance broker or life reinsurance broker approved by the Minister or such person as the Minister may appoint;

[S 931/2022 wef 02/12/2019]

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

[S 494/2021 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 494/2021 wef 01/07/2021]

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

“insurance broking services” means the services of direct insurance broking or reinsurance broking, or both;

[S 494/2021 wef 01/07/2021]

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

[S 494/2021 wef 01/07/2021]

“risk advisory services” means the design, structuring, modelling and implementation of any risk management programme using an insurance policy;

[S 494/2021 wef 01/07/2021]

[Deleted by S 8/2019 wef 01/04/2018]

“specified person” means —

(a) *[Deleted by S 494/2021 wef 01/07/2021]*

(b) in relation to the provision of insurance broking from which commission and fee income is derived by an approved insurance broker during the period from 1 April 2013 to 30 June 2021 (both dates inclusive),

any insured person or person seeking insurance coverage for offshore risks; and

[S 494/2021 wef 01/07/2021]

(c) in relation to the provision of advisory services from which commission and fee income is derived by an approved insurance broker before 1 July 2021, 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]

[S 494/2021 wef 01/07/2021]

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 for income derived before 1 July 2021 of approved insurance broker

4.—(1) Tax is payable at the rate of 10% on the commission and fee income derived by an approved insurance broker before 1 July 2021

from the provision of insurance broking or advisory services to a specified person.

[S 8/2019 wef 01/04/2018]

[S 494/2021 wef 01/07/2021]

(2) *[Deleted by S 8/2019 wef 01/04/2018]*

Concessionary rate of tax for income derived on or after 1 July 2021 of approved insurance broker

4A.—(1) Tax is payable at the rate of 10% on the commissions and fees derived by an approved insurance broker on or after 1 July 2021 from the provision of either or both of the following services that do not relate to any insurance in paragraph (2):

- (a) insurance broking services;
- (b) advisory services.

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

- (a) an insurance under a direct stand-alone policy; or
- (b) an insurance against any risk underwritten by a direct life insurer in the course of carrying on its life business.

(3) In paragraph (2)(a), “direct stand-alone policy” means a direct insurance policy that a person purchases to cover one or more of the following risks (and not any other risk):

- (a) fire risk;
- (b) motor risk;
- (c) work injury compensation risk;
- (d) personal accident risk;
- (e) health risk.

[S 494/2021 wef 01/07/2021]

Determination of income chargeable to tax

5. For the purposes of regulations 4 and 4A, 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 regulations 4 and 4A may be deducted under section 37(3) of the Act in ascertaining the chargeable income of the approved insurance broker.

[S 494/2021 wef 01/07/2021]

Made this 30th day of March 2009.

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

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