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## No. S 341

### INCOME TAX ACT (CHAPTER 134)

#### INCOME TAX (CONCESSIONARY RATE OF TAX FOR GLOBAL TRADING COMPANIES) REGULATIONS 2016

##### ARRANGEMENT OF REGULATIONS

###### Regulation

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

#### **Citation and commencement**

1. These Regulations are the Income Tax (Concessionary Rate of Tax for Global Trading Companies) Regulations 2016 and come into operation on 21 July 2016.

#### **Definitions**

2.—(1) In these Regulations, unless the context otherwise requires —

“appointed person” means a person appointed by the Minister for the purposes of section 43P of the Act;

“approved global trading company” means a global trading company that is approved for the purposes of section 43P of the Act by the Minister or the appointed person, and includes

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a global trading company which is treated under regulation 6(3) as an approved global trading company;

“carbon credit” means the right to emit an amount of any greenhouse gas that has the same global warming potential as one tonne of carbon dioxide;

“commodity” means any of the commodities specified in the Schedule;

“physical trading” means trading in any commodity on a spot or forward basis between an approved global trading company and any other entity, where the intention of the parties at the time the transaction is entered into is that actual delivery of the commodity is required, whether or not the delivery is actually made.

*[S 235/2017 wef 21/02/2017]*

(2) In these Regulations, a commodity is specified for an approved global trading company if it is specified under regulation 3(1)(b) for the company.

### **Approved global trading company**

3.—(1) The Minister or the appointed person may, in writing —

(a) approve any global trading company for the purposes of section 43P of the Act for a period not exceeding 5 years from and including the date of the approval or such date as may be specified in the approval; and

(b) specify the commodities for the company in relation to the approval.

(2) The Minister or the appointed person may, in any particular case, extend the period mentioned in paragraph (1) in writing for such further periods, not exceeding 5 years at any one time, as the Minister or that person thinks fit.

### **Concessionary rate of tax**

4.—(1) Subject to paragraphs (2) and (3), tax is payable at the rate of 10% on any income derived on or after 21 February 2017 by an approved global trading company from —

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- (a) profits from any physical trading carried out by the company in the commodities specified for the company;
  - (b) profits from any trading in derivative instruments carried out by the company; and
  - (c) commission and fees from acting as a broker in any physical trading in the commodities specified for the company.

(2) Subject to paragraph (3), tax is payable at the rate of 5% on any income mentioned in paragraph (1) derived on or after 21 February 2017 by an approved global trading company if the company satisfies the conditions imposed by the Minister or the appointed person for the purposes of this paragraph.

(3) Where liquefied natural gas is a commodity specified for an approved global trading company, then, tax is payable at the rate of 5% on any income of the company derived on or after 21 February 2017 from profits from any —

- (a) physical trading in liquefied natural gas carried out by the company; or
- (b) trading in derivative instruments in relation to liquefied natural gas carried out by the company.

*[S 235/2017 wef 21/02/2017]*

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

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

- (a) the income of an approved global trading company chargeable to the rate of tax in regulation 4(1), (2) or (3), having regard to such expenses, donations and allowances under the Act as are, in the Comptroller's opinion, to be deducted in ascertaining such income; and

*[S 235/2017 wef 21/02/2017]*

- (b) the manner and extent to which any loss arising from the activities specified in regulation 4(1), (2) and (3) may be deducted under the Act in ascertaining such income.

*[S 235/2017 wef 21/02/2017]*

(c) [*Deleted by S 235/2017*]

### **Revocation and savings of past approvals**

6.—(1) The Income Tax (Concessionary Rate of Tax for Approved Global Trading Companies) Regulations 2003 (G.N. No. S 204/2003) (called in this regulation the revoked Regulations) are revoked.

(2) Despite paragraph (1) and these Regulations —

- (a) regulations 5 and 6 of the revoked Regulations; and
- (b) regulations 2 and 4 of the revoked Regulations, insofar as they apply to the interpretation of regulations 5 and 6 of the revoked Regulations,

continue to apply and have effect in relation to the income of an approved global trading company for the year of assessment 2015 and prior years of assessment.

(3) Subject to paragraph (4), a company is treated as an approved global trading company if —

- (a) the company was approved under regulation 3(1) of the revoked Regulations by the Minister or the appointed person; and
- (b) the approval (called in this regulation the original approval) is in force on 21 July 2016.

(4) The approval of a company treated under paragraph (3) as an approved global trading company —

- (a) is in respect of the same commodities as are specified in writing in the original approval by the Minister or the appointed person;
- (b) expires on the date on which the original approval would have expired if these Regulations had not been made; and
- (c) may be extended in accordance with regulation 3(2) as if the reference in that provision to the period mentioned in regulation 3(1) were a reference to the period of the original approval.

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## THE SCHEDULE

Regulation 2(1)

### COMMODITIES

1. Petroleum and petroleum products
2. Agriculture commodities and bulk edible products
3. Building and industrial materials
4. Consumer products
5. Industrial products
6. Machinery components
7. Minerals
8. Electronic and electrical products
9. Carbon credits

Made on 14 July 2016.

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