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**No. S 352**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX  
(EXEMPTION OF FOREIGN INCOME OF  
APPROVED SHIPPING INVESTMENT ENTERPRISE)  
ORDER 2017**

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In exercise of the powers conferred by section 13(12) of the Income Tax Act, the Minister for Finance makes the following Order:

**Citation and commencement**

**1.—(1)** This Order is the Income Tax (Exemption of Foreign Income of Approved Shipping Investment Enterprise) Order 2017 and, except for paragraphs 5, 7, 8 and 9, is deemed to have come into operation on 1 March 2006.

(2) Paragraph 9 is deemed to have come into operation on 2 March 2006.

(3) Paragraph 8 is deemed to have come into operation on 1 June 2011.

(4) Paragraphs 5 and 7 are deemed to have come into operation on 25 March 2016.

## **Definitions**

### **2. In this Order —**

“applicable sea-going ship”, in relation to an approved company or approved partnership, means a sea-going ship that is acquired by the company or partnership —

- (a) if the company or partnership is approved before 1 April 2008, during the period of its approval; or
- (b) if the company or partnership is approved on or after 1 April 2008, before or during the period of its approval;

“approved company”, in relation to an ASIE, means a company of which the ASIE is a shareholder, that is approved under paragraph 3;

“approved international shipping enterprise” has the same meaning as in section 13S(20) of the Act;

“approved partnership”, in relation to an ASIE, means a partnership of which the ASIE is a partner, that is approved under paragraph 3;

“approved shipping investment enterprise” or “ASIE” means a shipping investment enterprise approved under section 13S of the Act;

“qualifying period”, in relation to a sea-going ship, means the period specified under section 13S(4) of the Act during which income of that ship, or a class of sea-going ships to which that ship belongs, is exempt from tax under section 13S;

“sea-going ship” includes a Singapore ship;

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“Singapore ship” means a ship in respect of which a certificate of registry (other than a provisional certificate of registry) has been issued under the Merchant Shipping Act (Cap. 179) and whose registry is not closed or deemed to be closed or suspended.

### **Approval**

3.—(1) The Minister or such other person as the Minister may appoint may approve a company or partnership of an ASIE for the purpose of this Order.

(2) The Minister or appointed person may only approve a company or partnership if the Minister or appointed person is satisfied that —

- (a) the company or partnership is incorporated, registered or formed outside Singapore;
- (b) the company or partnership carries on a business relating to the chartering or finance leasing of a sea-going ship owned by it for use outside the limits of the port of Singapore, or intends to carry on such business;
- (c) the company or partnership carries on that business, or intends to carry on that business, from a place outside Singapore;
- (d) the company or partnership intends to pay dividends or partnership profits derived from such business to the ASIE, and these payments will promote or enhance the economic development of Singapore; and
- (e) the ships which the company or partnership owns or which it intends to acquire for that business are controlled and managed, or will be controlled or managed, by the ASIE.

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**Exemption from tax of income relating to chartering and finance leasing of ship derived before 25 March 2016**

4.—(1) The income described in sub-paragraph (2) of an ASIE that is received in Singapore during the period of the ASIE's approval is exempt from tax.

(2) The income to which sub-paragraph (1) applies is dividends from an approved company of the ASIE, or partnership profits of an approved partnership of an ASIE, that are paid out of income derived by the company or partnership before 25 March 2016 and during the period of the approval of the company or partnership, from any of the following activities:

- (a) the chartering or finance leasing, for use outside the limits of the port of Singapore, of an applicable sea-going ship of the approved company or approved partnership (excluding a ship used for offshore renewable energy activity or offshore mineral activity) during the qualifying period of the ship to —
  - (i) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
  - (ii) an approved international shipping enterprise; or
  - (iii) the ASIE;
- (b) the chartering or finance leasing, for use outside the limits of the port of Singapore, of an applicable Singapore ship of the approved company or approved partnership (excluding a ship used for offshore renewable energy activity or offshore mineral activity) during the qualifying period of the ship to a shipping enterprise within the meaning of section 13A of the Act.

(3) Sub-paragraph (1) also applies to the income of an ASIE described in sub-paragraph (2) that is —

- (a) received in Singapore after the date the ASIE's approval has expired or been withdrawn; or

- (b) paid out of income derived by an approved company or approved partnership of the ASIE from any of the activities mentioned in sub-paragraph (2) after the date the approval of the approved company or approved partnership has expired or been withdrawn,

if the ASIE has fulfilled all the conditions specified under section 13S(3) of the Act for its approval by the date of expiry or before the date of the withdrawal of the approval.

(4) Sub-paragraph (1) does not apply to income paid out of income derived from any activity carried out by a permanent establishment of the approved company or approved partnership in Singapore.

(5) Sub-paragraph (1) does not apply to income paid out of income derived at any time between 1 March 2011 and 23 February 2015 (both dates inclusive) by an approved company or approved partnership that is approved on or after 1 March 2011, from the leasing of a sea-going ship under a finance lease that is treated as a sale under regulations made under section 10D(1) of the Act.

**Exemption from tax of income relating to chartering and finance leasing of ship derived on or after 25 March 2016**

5.—(1) The income described in sub-paragraph (2) of an ASIE that is received in Singapore during the period of the ASIE's approval is exempt from tax.

(2) The income to which sub-paragraph (1) applies is —

(a) dividends from an approved company of the ASIE; or

(b) partnership profits of an approved partnership of an ASIE,

that are paid out of income derived by the company or partnership on or after 25 March 2016 and during the period of the approval of the company or partnership, from the chartering or finance leasing, for use outside the limits of the port of Singapore, of an applicable sea-going ship of the approved company or approved partnership during the qualifying period of the ship, to any person.

(3) Sub-paragraphs (3) and (4) of paragraph 4 apply to this paragraph as they apply to paragraph 4, as if the reference to the

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income of an ASIE in paragraph 4(2) were a reference to the income of an ASIE in sub-paragraph (2).

**Exemption from tax of income relating to foreign exchange and risk management activities derived before 25 March 2016**

6.—(1) The income described in sub-paragraph (2) of an ASIE that is received in Singapore during the period of the ASIE's approval is exempt from tax.

(2) The income to which sub-paragraph (1) applies is —

(a) dividends from an approved company of the ASIE; or

(b) partnership profits of an approved partnership of an ASIE,

that are paid out of income derived by the company or partnership before 25 March 2016 and during the period of the approval of the company or partnership, from foreign exchange and risk management activities that are carried out in connection with and incidental to any of the activities mentioned in paragraph 4(2)(a) and (b).

(3) Sub-paragraph (1) only applies to the income described in sub-paragraph (2) that is derived by the company or partnership during the basis period for the year of assessment 2009 or a subsequent year of assessment.

(4) Sub-paragraphs (3) and (4) of paragraph 4 apply to this paragraph as they apply to paragraph 4, as if the reference to the income of an ASIE in paragraph 4(2) were a reference to the income of an ASIE in sub-paragraph (2).

**Exemption from tax of income relating to foreign exchange and risk management activities derived on or after 25 March 2016**

7.—(1) The income described in sub-paragraph (2) of an ASIE that is received in Singapore during the period of the ASIE's approval is exempt from tax.

(2) The income to which sub-paragraph (1) applies is —

(a) dividends from an approved company of the ASIE; or

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(b) partnership profits of an approved partnership of an ASIE, that are paid out of income derived by the company or partnership on or after 25 March 2016 and during the period of the approval of the company or partnership, from foreign exchange and risk management activities that are carried out in connection with and incidental to the activity mentioned in paragraph 5(2).

(3) Sub-paragraphs (3) and (4) of paragraph 4 apply to this paragraph as they apply to paragraph 4, as if the reference to the income of an ASIE in paragraph 4(2) were a reference to the income of an ASIE in sub-paragraph (2).

### **Exemption from tax of income relating to sale of ships, etc.**

**8.—**(1) The income described in sub-paragraph (2) of an ASIE that is received in Singapore during the period of the ASIE's approval is exempt from tax.

(2) The income to which sub-paragraph (1) applies is dividends from an approved company of the ASIE, or partnership profits of an approved partnership of an ASIE, that are paid out of income derived by the company or partnership on or after 1 June 2011 and during the period of the approval of the company or partnership, from any of the following activities:

- (a) the sale of a sea-going ship, or the assignment to another of all the rights of the approved company or partnership as the buyer under a contract for the construction of a sea-going ship;
- (b) the sale of all of the issued ordinary shares in a special purpose company of the approved company or approved partnership, where, at the time of the sale of the shares, the special purpose company owns any sea-going ship or is the buyer under a contract for the construction of any sea-going ship.

(3) Sub-paragraph (1) does not apply to income paid out of income derived from any activity mentioned in sub-paragraph (2)(a) by an approved company or approved partnership —

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- (a) in the course of carrying on a business of trading in sea-going ships or of constructing sea-going ships for sale; or
- (b) if the activity involves the leasing of a sea-going ship under a finance lease that is treated as a sale under regulations made under section 10D(1) of the Act.

(4) In this paragraph, “special purpose company”, in relation to an approved company or approved partnership, means a company that is wholly owned by the approved company or approved partnership and whose only business or intended business is the chartering or finance leasing of sea-going ships.

**Cessation of effect of Income Tax (Concessionary Rate of Tax for Foreign Income of Approved Shipping Investment Enterprise) Order 2010**

9. With effect from 2 March 2006, the Income Tax (Exemption of Foreign Income of Approved Shipping Investment Enterprise) Order 2010 (G.N. No. S 698/2010) ceases to have any effect.

**Cessation of effect**

10. Paragraphs 5, 7 and 8 cease to have any effect starting on 12 December 2018.

*[S 37/2023 wef 12/12/2018]*

Made on 29 June 2017.

TAN CHING YEE  
*Permanent Secretary,  
Ministry of Finance,  
Singapore.*

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