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No. S 411

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL DEVELOPMENT) NOTIFICATION 2000

ARRANGEMENT OF PARAGRAPHS

Paragraph

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In exercise of the powers conferred by section 13(4) of the Income Tax Act, the Minister for Finance hereby makes the following Notification:

Citation and commencement

1. This Notification may be cited as the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) Notification 2000 and shall be deemed to have come into operation on 25th February 2000.

Definitions

2. In this Notification —

“financial institution” means an institution licensed or approved by the Monetary Authority of Singapore, and includes an institution —

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- (a) that is a Fund Manager approved under section 43A of the Act;
 - (b) that has a Financial and Treasury Centre that is approved under section 43E of the Act; and
[S 329/2024 wef 31/12/2021]
 - (c) that is approved as a financial sector incentive (fund management) company under section 43J of the Act;
[S 329/2024 wef 31/12/2021]
[S 797/2018 wef 10/12/2018]

“related party”, in relation to a financial institution, means any other person who, directly or indirectly, controls the financial institution, or is controlled, directly or indirectly, by the financial institution, or where the financial institution and that other person are, directly or indirectly, under the control of a common person.

Exemption

3.—(1) This paragraph applies to any payment —

- (a) made by a financial institution to a person who is not resident in Singapore;
- (b) that is not derived through any operation carried on by the person through the person’s permanent establishment in Singapore; and
- (c) that is liable to be made —
 - (i) under —
 - (A) a contract for an interest rate or currency swap transaction, where the contract took effect on a date before 25 February 2000; or
 - (B) a contract for an interest rate or currency swap transaction that was extended or renewed, and the extension or renewal of the contract took effect on a date before 25 February 2000,

where the payment is made on a date that falls within the period from 25 February 2000 to 31 December

2022 (both dates inclusive) (called in this sub-paragraph the relevant period);

- (ii) under a contract for an interest rate or currency swap transaction, where the contract takes effect on a date that falls within the relevant period;

[S 329/2024 wef 04/11/2022]

- (iii) under a contract for an interest rate or currency swap transaction that is extended or renewed, where —

(A) the extension or renewal of the contract takes effect on a date that falls within the relevant period; and

(B) the payment is made on or after the date on which such extension or renewal takes effect;
or

[S 329/2024 wef 04/11/2022]

- (iv) under a contract for an interest rate or currency swap transaction that is varied, where —

(A) the variation takes effect on a date that falls within the period from 4 November 2022 to 31 December 2022 (both dates inclusive); and

(B) the payment is made on or after the date on which the variation takes effect.

[S 329/2024 wef 04/11/2022]

(2) Subject to paragraph 4, any payment mentioned in sub-paragraph (1) is exempt from tax.

[S 797/2018 wef 10/12/2018]

Terms and conditions of exemption

4. Where the payment made under an interest rate or currency swap transaction by a financial institution is to a related party, the exemption under paragraph 3 shall apply only if the transaction is carried out at arm's length and the following documents are furnished with the return of income made by the financial institution under section 62 of the Act:

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- (a) in relation to any such swap transaction entered into during the basis period relating to the year of assessment for which the return is made, a certificate issued by an external auditor certifying that the swap transaction between the financial institution and the related party is carried out at arm's length; and
- (b) in respect of each related party to whom interest rate and currency swap payments were made during the basis period relating to the year of assessment for which the return is made, a statement stating —
- (i) the name, place of incorporation and country of residence for tax purpose of the related party;
 - (ii) the total amount of swap payments made to the related party during that basis period; and
 - (iii) the total amount of swap payments received from the related party during that basis period.

Application of section 33 of Act

5. Nothing in this Notification shall be construed as limiting or in any way affecting the operation of section 33 of the Act.

Amendment of Notifications

6. The Notification (N 3) in respect of Exemption from Tax of Interest, Royalties, etc., on Economic and Technological Development Loans is amended by deleting the item relating to G.N. No. S 22/92.

Made this 12th day of September 2000.

LIM SIONG GUAN
*Permanent Secretary,
Ministry of Finance,
Singapore.*

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