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No. S 499

**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX (EXEMPTION OF INTEREST AND OTHER
PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL
DEVELOPMENT) (NO. 2) NOTIFICATION 2003**

ARRANGEMENT OF PARAGRAPHS

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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

1. This Notification may be cited as the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (No. 2) Notification 2003.

Definitions

2.—(1) In this Notification —

“approved Finance and Treasury Centre”, in relation to a company, means a Finance and Treasury Centre of the

company, being a Finance and Treasury Centre that is approved for the purposes of section 43G of the Act;

[S 745/2020 wef 28/10/2003]

[Deleted by S 745/2020 wef 01/10/2015]

“approved office or approved associated company”, in relation to a company with an approved Finance and Treasury Centre, means an office, or an associated company as defined in section 43G(3) of the Act (as the case may be), that has been approved in relation to the Centre under section 43G(2)(a) of the Act for the application of the concessionary rate of tax in section 43G(1) of the Act to the company;

[S 745/2020 wef 01/10/2015]

“bond” means any bond, note, debenture or other debt security;

“compensatory payment” has the same meaning as in section 10N(12) of the Act;

“loan” means any loan or other arrangement similar in nature to a loan;

[Deleted by S 745/2020 wef 28/10/2003]

[Deleted by S 745/2020 wef 10/03/2017]

[Deleted by S 745/2020 wef 01/10/2015]

“securities lending or repurchase arrangement” has the same meaning as in section 10N(12) of the Act.

[S 745/2020 wef 10/03/2017]

(2) In this Notification —

- (a) the qualifying activities or qualifying services of an approved Finance and Treasury Centre whose approval is given or extended before 21 February 2017 are, during the period for which the approval was given or extended, the “qualifying activities” or “qualifying services” (as the case may be) as defined in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations (Rg 18); and

- (b) the qualifying activities or qualifying services of an approved Finance and Treasury Centre whose approval is given or extended on or after 21 February 2017 are, during the period for which the approval was given or extended, the “qualifying activities” or “qualifying services” (as the case may be) as defined in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations 2017 (G.N. No. S 88/2017).
[S 745/2020 wef 10/03/2017]

Exemption in relation to loans

3.—(1) *[Deleted by S 745/2020 wef 01/10/2015]*

(1A) Subject to sub-paragraph (2) and such conditions as may be imposed by the Minister, the interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 on any loan, is exempt from tax if the loan is from —

- (a) any approved office or approved associated company outside Singapore;
- (b) any bank outside Singapore; or
- (c) any non-bank financial institution outside Singapore which is not its office or associated company.

[S 745/2020 wef 18/02/2005]

(2) The funds obtained from any loan mentioned in sub-paragraph (1A) are to be used for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.

[S 745/2020 wef 01/10/2015]

Exemption in relation to bonds

4.—(1) *[Deleted by S 745/2020 wef 01/10/2015]*

(1A) Subject to sub-paragraphs (2) and (3) and such conditions as may be imposed by the Minister, the interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 on any bond, is exempt from tax if —

- (a) the bond is held by a person who is not resident in Singapore; and

- (b) the approval of the approved Finance and Treasury Centre as such is granted before 30 September 2005.

[S 745/2020 wef 18/02/2005]

(2) The exemption referred to in sub-paragraph (1A) shall not apply where —

- (a) the bond is held by a person referred to in sub-paragraph (1A)(a) who has a permanent establishment in Singapore and the funds used to acquire the bond were obtained from any operation in Singapore carried on through that permanent establishment; or

[S 745/2020 wef 01/10/2015]

- (b) at any time during the life of the bond, it is beneficially held or funded, directly or indirectly, by any office or associated company of the company with the approved Finance and Treasury Centre which is not an approved office or approved associated company.

[S 745/2020 wef 18/02/2005]

[S 745/2020 wef 01/10/2015]

(3) The funds obtained from any bond mentioned in sub-paragraph (1A) are to be used for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.

[S 745/2020 wef 01/10/2015]

Exemption in relation to securities lending or repurchase arrangement

5.—(1) *[Deleted by S 745/2020 wef 01/10/2015]*

(1A) Subject to sub-paragraph (2) and such conditions as may be imposed by the Minister, any loan rebate fee or price differential that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 in respect of any securities lending or repurchase arrangement is exempt from tax, if any funds obtained under the securities lending or repurchase arrangement are from —

- (a) any approved office or approved associated company outside Singapore;
- (b) any bank outside Singapore; or

- (c) any non-bank financial institution outside Singapore which is not its office or associated company.

[S 745/2020 wef 18/02/2005]

(2) The funds obtained under the securities lending or repurchase arrangement mentioned in sub-paragraph (1A) are to be used (where the agreement or arrangement permits the funds to be so used) for the qualifying activities or qualifying services of the approved Finance and Treasury Centre.

[S 745/2020 wef 01/10/2015]

(3) Subject to such conditions as may be imposed by the Minister, any borrowing fee or compensatory payment that a company with an approved Finance and Treasury Centre is liable to pay to any person on or after 28 October 2003 under any securities lending or repurchase arrangement, is exempt from tax if that person —

- (a) is not a resident of Singapore; and
- (b) does not have a permanent establishment in Singapore through which the securities lending or repurchase arrangement is entered into.

[S 745/2020 wef 28/10/2003]

Exemption in relation to deposits

5A.—(1) The interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 25 March 2016 on any deposit placed with the approved Finance and Treasury Centre by any approved office or approved associated company outside Singapore, is exempt from tax.

(2) The exemption in sub-paragraph (1) is subject to the following conditions:

- (a) the deposit is used for the qualifying activities or qualifying services of the approved Finance and Treasury Centre;
- (b) such other conditions as may be imposed by the Minister.

(3) In this paragraph, “deposit” means a sum of money, not being a loan, paid on terms —

- (a) under which the sum of money will be repaid, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving the payment; and
- (b) which are not referable to the provision of property or services or to the giving of security.

[S 745/2020 wef 25/03/2016]

Amendment of Notifications

6.—(1) Paragraph 4 of the Income Tax (Exemption of Interest and Other Payments on Economic and Technological Development Loans) (Consolidation) Notification (N 5) is deleted, with effect from 5th September 2000.

(2) Paragraph 3 of the Income Tax (Exemption of Interest and Other Payments on Economic and Technological Development Loans) (Consolidation) Notification (N 6) is deleted, with effect from 5th September 2000.

(3) Paragraph 5 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development Loans) (Consolidation) Notification (N 10) is deleted, with effect from 5th September 2000.

Made this 16th day of October 2003.

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

[R32.16.60 Vol. 3; AG/LEG/SL/134/2002/11 Vol. 1]