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No. S 500

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL DEVELOPMENT) (NO. 3) NOTIFICATION 2003

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation
2. Definitions
3. Exemption
4. Amendment of Notification, etc.
The Schedule

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. 3) Notification 2003.

Definitions

2. In this Notification —

“compensatory payment” and “securities lending or repurchase arrangement” have the same meanings as in section 10H(12) of the Act;

[S 333/2024 wef 31/12/2021]

“specified payments” means any of the following:

(a) borrowing fees;

- (b) loan rebate fees;
- (c) price differentials;
- (d) interest payments; and
- (e) compensatory payments.

Exemption

3.—(1) Subject to sub-paragraphs (3) and (4), there shall be exempt from tax any specified payments which an institution specified in Part I of the Schedule is liable to pay on or after 23rd November 2001 but before 28th October 2003 under a securities lending or repurchase agreement to a person who is neither a resident of nor a permanent establishment in Singapore.

(2) Subject to sub-paragraphs (3) and (4), any specified payment —

- (a) made by an institution specified in Part II of the Schedule to a person who is not a 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 securities lending or repurchase agreement that takes effect on a date that falls within the period from 28 October 2003 to 31 December 2022 (both dates inclusive) (called in this sub-paragraph the relevant period); or
 - (ii) under a securities lending or repurchase agreement that is extended or renewed, where —
 - (A) the extension or renewal 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,

is exempt from tax.

[S 799/2018 wef 10/12/2018]

(3) The exemptions referred to in sub-paragraphs (1) and (2) in relation to specified payments which are loan rebate fees or price differentials shall not apply unless the institution which entered into the securities lending or repurchase arrangement entered into such securities lending or repurchase arrangement as principal.

(4) The exemptions referred to in sub-paragraphs (1) and (2) in relation to specified payments which are interest payments shall not apply unless —

- (a) the institution which entered into the securities lending or repurchase arrangement entered into such securities lending or repurchase arrangement as principal; and
- (b) the interest payments are derived from moneys held on deposit in a bank in Singapore, where the moneys for the deposit are from collateral placed by the person (who is neither a resident of nor a permanent establishment in Singapore) with the institution.

Amendment of Notification, etc.

4.—(1) Paragraph 1 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development Loans) (Consolidation) Notification (N 8) is cancelled, with effect from 28th October 2003.

(2) Notwithstanding sub-paragraph (1), the cancelled paragraph 1 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development Loans) (Consolidation) Notification shall continue to have effect for any payment made in respect of any loan of designated securities under a securities lending arrangement in writing entered into before 23rd November 2001.

(3) For the avoidance of doubt, where any payment made during the period from 23rd November 2001 to 28th October 2003 (both dates inclusive) under a securities lending or repurchase agreement would be exempt from tax under paragraph 3(1) of this Notification as well as under paragraph 1 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development Loans) (Consolidation) Notification, paragraph 3 (1) of this Notification shall apply to such payment.

THE SCHEDULE

Paragraph 3

PART I

SPECIFIED INSTITUTIONS FOR PARAGRAPH 3 (1)

1. The Monetary Authority of Singapore.
2. Any bank that holds a licence under section 7 or 79 of the Banking Act (Cap. 19).
[S 478/2021 wef 01/07/2021]
3. Any merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186) on or before 27 October 2003.
[S 478/2021 wef 01/07/2021]
4. Any holder of a capital markets services licence licensed to carry on business in the regulated activity of dealing in securities under the Securities and Futures Act (Cap. 289).

PART II

SPECIFIED INSTITUTIONS FOR PARAGRAPH 3 (2)

1. The Monetary Authority of Singapore.
2. Any bank that holds a licence under section 7 or 79 of the Banking Act 1970.
[S 478/2021 wef 01/07/2021]
[S 333/2024 wef 31/12/2021]
3. Any merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act 1970.
[S 478/2021 wef 01/07/2021]
[S 333/2024 wef 31/12/2021]
4. Any finance company licensed under the Finance Companies Act 1967.
[S 333/2024 wef 31/12/2021]
5. Any holder of a capital markets services licence licensed to carry on business in the following regulated activities under the Securities and Futures Act 2001 or a company exempted under that Act from holding such a licence:
 - (a) dealing in securities (other than a person licensed under the Financial Advisers Act 2001);
[S 333/2024 wef 31/12/2021]
 - (b) fund management;
 - (c) securities financing; or

THE SCHEDULE — *continued*

(d) providing custodial services for securities.

[S 333/2024 wef 31/12/2021]

6. Any collective investment scheme or closed-end fund as defined in the Securities and Futures Act 2001 that is constituted as a corporation.

[S 333/2024 wef 31/12/2021]

7. The Central Depository (Pte) Limited.

8. Any insurer registered or regulated under the Insurance Act 1966 or exempted under that Act from being registered or regulated.

[S 333/2024 wef 31/12/2021]

9. Any trust company registered under the Trust Companies Act 2005.

[S 333/2024 wef 31/12/2021]

Made this 16th day of October 2003.

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

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