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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. [Deleted]  
The Schedule

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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. 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) [*Deleted by S 333/2024 wef 15/04/2024*]

(2) Subject to sub-paragraphs (3), (4) and (5) 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 2026 (both dates inclusive) (called in this sub-paragraph the relevant period);

*[S 333/2024 wef 04/11/2022]*  
*[S 333/2024 wef 01/01/2023]*
  - (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;or

*[S 333/2024 wef 04/11/2022]*
  - (iii) under a securities lending or repurchase agreement that is varied, where —

(A) the variation takes effect on a date that falls within the period from 4 November 2022 to 31 December 2026 (both dates inclusive); and

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

*[S 333/2024 wef 04/11/2022]*

is exempt from tax.

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

*[S 333/2024 wef 15/04/2024]*

(3) The exemptions referred to in sub-paragraph (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.

*[S 333/2024 wef 15/04/2024]*

(4) The exemptions referred to in sub-paragraph (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 —

(i) the moneys for the deposit are from a collateral placed with the institution by a person who is not a resident in Singapore; and

(ii) the collateral was not obtained from any operation carried on by the person through the person's permanent establishment in Singapore.

*[S 333/2024 wef 15/04/2024]*

*[S 333/2024 wef 15/04/2024]*

(5) However, the exemption under sub-paragraph (2) does not apply to a specified payment liable to be made —

(a) under a securities lending or repurchase agreement mentioned in sub-paragraph (2)(c) that is varied with effect from a date on or after 1 January 2027; and

(b) on or after the date the variation takes effect.

*[S 333/2024 wef 15/04/2024]*

4. *[Deleted by S 333/2024 wef 15/04/2024]*

## THE SCHEDULE

Paragraph 3

### 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
  - (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.

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THE SCHEDULE — *continued*

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.*

[R32.19.18.V05; AG/LEG/SL/134/2002/11 Vol. 1]