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No. S 581

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL DEVELOPMENT) (NO. 2) NOTIFICATION 2012

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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) (No. 2) Notification 2012 and shall be deemed to have come into operation on 15th October 2010.

Definitions

2.—(1) In this Notification —

“basis period” means the basis period for any year of assessment;

“qualifying amount” means —

(a) any interest, commission, fee or other payment; or

(b) any income derived from loans,

which is deemed under section 12(6) of the Act to be derived from Singapore.

[S 708/2024 wef 19/02/2019]

(2) In this Notification, a reference to a basis period —

(a) in relation to an approved company, approved person, approved master fund, approved feeder fund, approved 1st tier SPV, approved 2nd tier SPV or approved eligible SPV, the period of approval of which begins or ends during his, her or its basis period, is to the part of the basis period that is within the period of approval; or

(b) in relation to a taxable entity in relation to an approved master fund, approved feeder fund or approved eligible SPV, where —

(i) the master fund, feeder fund or SPV is not a legal entity; and

- (ii) the period of approval of the master fund, feeder fund or SPV begins or ends during the basis period of that taxable entity,

is to the part of the basis period that is within the period of approval.

[S 708/2024 wef 19/02/2019]

Exemption from tax of qualifying amount paid by trustee of prescribed trust fund referred to in section 13C of Act

3.—(1) There shall be exempt from tax any qualifying amount liable to be paid by a trustee of a trust fund to a person who is not resident in Singapore and does not have a permanent establishment in Singapore, if the payment is liable to be made on or after 15th October 2010 and during either of the following basis periods:

- (a) a basis period where all of the following conditions are satisfied throughout that basis period:
 - (i) the trust fund satisfies all the conditions in regulation 3(1) of the Income Tax (Exemption of Income of Trustee of Trust Fund Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 7/2010);
 - (ii) the funds of the trust fund are managed in Singapore by a fund manager;
 - (iii) the trustee of the trust fund (not being a trust fund referred to in regulation 3(2) of the Income Tax (Exemption of Income of Trustee of Trust Fund Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010) does not, in its capacity as such trustee —
 - (A) have a permanent establishment in Singapore (other than due to its functions as such trustee, or the presence of a fund manager or any other person who acts on behalf of the trustee in carrying out its functions as such trustee); or
 - (B) carry on any other business in Singapore,

other than with the approval of the Minister or an authorised body,

[S 938/2022 wef 06/12/2022]

being the first time that all of those conditions are satisfied throughout a basis period;

- (b) a basis period immediately following another basis period, where all of those conditions are satisfied throughout that other basis period.

[S 938/2022 wef 06/12/2022]

(2) Sub-paragraph (1) shall not apply to a trustee of a trust fund referred to in section 13C(3) of the Act.

Exemption from tax of qualifying amount paid by prescribed person referred to in section 13D of Act

4.—(1) There shall be exempt from tax any qualifying amount liable to be paid by a person to another person who is neither resident in Singapore nor a permanent establishment in Singapore, if the payment is liable to be made on or after 15th October 2010 and during either of the following basis periods:

- (a) a basis period where all of the following conditions are satisfied throughout that basis period:
- (i) the first-mentioned person satisfies all the conditions in paragraph (a), (b) or (c) (whichever is applicable) of the definition of “prescribed person” in regulation 2(1) of the Income Tax (Exemption of Income of Non-residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010);
 - (ii) the funds of the first-mentioned person are managed in Singapore by a fund manager,

being the first time that all of those conditions are satisfied throughout a basis period;

- (b) a basis period immediately following another basis period, where all of those conditions are satisfied throughout that other basis period.

(2) Sub-paragraph (1) shall not apply if the payer is a person referred to in section 13D(10) of the Act.

[S 938/2022 wef 31/12/2021]

[S 938/2022 wef 31/12/2021]

Exemption from tax of qualifying amount paid by approved company referred to in section 13O of Act

5. There shall be exempt from tax any qualifying amount liable to be paid by an approved company within the meaning of section 13O of the Act to a person who is not resident in Singapore and does not have a permanent establishment in Singapore, if the payment is liable to be made on or after 15th October 2010 and during either of the following basis periods:

(a) a basis period where all of the following conditions are satisfied throughout that basis period:

(i) the company satisfies all the conditions in regulation 3(2) of the Income Tax (Exemption of Income of Approved Companies Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 8/2010);

(ii) the funds of the company are managed in Singapore by a fund manager, or by a person approved by the Minister or an authorised body,

[S 938/2022 wef 06/12/2022]

being the first time that all of those conditions are satisfied throughout a basis period;

(b) a basis period immediately following another basis period, where all of those conditions are satisfied throughout that other basis period.

[S 938/2022 wef 31/12/2021]

[S 938/2022 wef 06/12/2022]

Exemption from tax of qualifying amount paid by approved person, etc., referred to in section 13U of Act

6.—(1) There shall be exempt from tax any qualifying amount liable to be paid by an approved person within the meaning of

section 13U of the Act to a person who is not resident in Singapore and does not have a permanent establishment in Singapore, if the payment is liable to be made on or after 15th October 2010 and during either of the following basis periods:

(a) a basis period, where all of the conditions in regulation 3(2)(a), (c), (d) and (e) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 (G.N. No. S 414/2010) are satisfied in relation to the approved person throughout that basis period, being the first time that all of those conditions are satisfied in relation to the approved person throughout a basis period;

[S 708/2024 wef 01/04/2015]

(b) a basis period immediately following another basis period, where all of those conditions are satisfied in relation to the approved person throughout that other basis period.

[S 938/2022 wef 31/12/2021]

(2) For the purposes of sub-paragraph (1) —

(a) the reference in regulation 3(2)(a) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 to the basis period for the year of assessment for which income is exempt from tax under those Regulations shall be read as a reference to the basis period referred to in sub-paragraph (1)(a) or (b), as the case may be; and

[S 708/2024 wef 01/04/2015]

(b) the reference in regulation 3(2)(c) of those Regulations to the year of assessment for which income is exempt from tax under those Regulations shall be read as a reference to the year of assessment to which the basis period referred to in sub-paragraph (1)(a) or (b), as the case may be, relates.

[S 938/2022 wef 31/12/2021]

[S 938/2022 wef 06/12/2022]

Exemption from tax of qualifying amount paid by approved master fund or feeder fund referred to in section 13U of Act in relation to approved master-feeder fund structure

7.—(1) There is exempt from tax, in relation to an approved master-feeder fund structure, any qualifying amount liable to be paid by a person in the first column of the following table, on or after the date specified opposite that person in the second column of that table, to —

- (a) a person who is neither resident in Singapore nor has a permanent establishment in Singapore; or
- (b) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the qualifying amount is not liable to be paid in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness undertaken or performed through that operation,

during a basis period described in sub-paragraph (1A):

<i>First column</i>	<i>Second column</i>
<i>Person</i>	<i>Specified date</i>
1. A company that is the approved master fund or an approved feeder fund of the structure	15 October 2010
2. A partner of a partnership (including a limited partnership and a limited liability partnership), where the partnership is the approved master fund or an approved feeder fund of the structure	<p>(a) In the case of a payment to be made by a partner of a limited partnership — 15 October 2010</p> <p>(b) In the case of a payment to be made by a partner of a partnership other than a limited partnership in paragraph (a) — 20 February 2018</p>

<i>First column</i>	<i>Second column</i>
<i>Person</i>	<i>Specified date</i>
3. A trustee of a trust fund, where the trust fund is the approved master fund or an approved feeder fund of the structure	15 October 2010
4. A taxable entity in relation to the approved master fund or an approved feeder fund of the structure, where the master fund or feeder fund (as the case may be) is not a legal entity	20 February 2018

[S 708/2024 wef 12/09/2024]

(1A) The basis period is either of the following:

- (a) a basis period where all of the conditions in regulation 3A(2)(a), (c), (d) and (e) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 (whichever is applicable) are satisfied throughout that basis period in relation to the master fund and master-feeder fund structure, or the feeder fund and master-feeder fund structure (as the case may be), being the first time that all of those conditions are satisfied in relation to the master fund and master-feeder fund structure, or the feeder fund and master-feeder fund structure, as the case may be;
- (b) a basis period immediately following another basis period where all of those conditions (whichever is applicable) are satisfied throughout that other basis period in relation to the master fund and master-feeder fund structure, or the feeder fund and master-feeder fund structure, as the case may be.

[S 708/2024 wef 12/09/2024]

(2) For the purposes of sub-paragraph (1A) —

(a) the reference in regulation 3A(2)(a) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 to the basis period for the year of assessment for which income is exempt from tax under those Regulations shall be read as a reference to the basis period referred to in sub-paragraph (1A)(a) or (b), as the case may be; and

[S 708/2024 wef 01/04/2015]

[S 708/2024 wef 12/09/2024]

(b) the reference in regulation 3A(2)(c) of those Regulations to the year of assessment for which income is exempt from tax under those Regulations shall be read as a reference to the year of assessment to which the basis period referred to in sub-paragraph (1A)(a) or (b), as the case may be, relates.

[S 938/2022 wef 31/12/2021]

[S 708/2024 wef 12/09/2024]

(3) In this paragraph, “approved”, “feeder fund”, “master-feeder fund structure”, “master fund”, “taxable entity” and “trust fund” have the meanings given by section 13U(5) of the Act.

[S 708/2024 wef 12/09/2024]

Exemption from tax of qualifying amount paid by approved master fund, etc., in section 13U of Act in relation to approved master-feeder fund-SPV structure

7A.—(1) There is exempt from tax, in relation to an approved master-feeder fund-SPV structure, any qualifying amount liable to be paid by a person in the first column of the following table, on or after the date specified opposite that person in the second column of that table, to —

(a) a person who is neither resident in Singapore nor has a permanent establishment in Singapore; or

(b) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the qualifying amount is not liable to be paid in connection with any loan or indebtedness or with any arrangement, management,

guarantee, or service relating to any loan or indebtedness undertaken or performed through that operation, during a basis period described in sub-paragraph (2):

<i>First column</i>	<i>Second column</i>
<i>Person</i>	<i>Specified date</i>
1. A company incorporated in Singapore, a trustee of a trust fund (being a trust fund constituted in Singapore) or a partner of a limited partnership registered in Singapore, where the company, trust fund or limited partnership (as the case may be) is the approved master fund of the structure	1 April 2015
2. A company, a trustee of a trust fund or a partner of a limited partnership, where the company, trust fund or limited partnership (as the case may be) is an approved feeder fund of the structure	1 April 2015
3. A person (not being a company, an individual or a Hindu joint family) that is an approved feeder fund of the structure	20 February 2018
4. A partner of a partnership (including a limited liability partnership but excluding a limited partnership), where the partnership is an approved feeder fund of the structure	20 February 2018
5. A taxable entity in relation to an approved feeder fund of the	20 February 2018

<i>First column</i>	<i>Second column</i>
<i>Person</i>	<i>Specified date</i>
structure, where the feeder fund is not a legal entity	
6. An approved 1st tier SPV of the structure, that is a company	1 April 2015
7. An approved 2nd tier SPV of the structure, that is a company	1 April 2015
8. An approved eligible SPV of the structure, that is a person (not being a company, an individual or a Hindu joint family)	19 February 2019
9. An approved eligible SPV of the structure, where the eligible SPV is not one mentioned in items 8, 10, 11 and 12	19 February 2019
10. A partner of an approved eligible SPV of the structure, where the eligible SPV is a partnership (including a limited partnership and a limited liability partnership)	19 February 2019
11. The trustee of an approved eligible SPV of the structure, where the eligible SPV is a trust fund	19 February 2019
12. The taxable entity of an approved eligible SPV of the structure, where the eligible SPV is not a legal entity	19 February 2019

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- (2) The basis period is either of the following:
- (a) a basis period where all of the conditions in regulation 3B(2)(a), (b), (d), (e) and (f) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 (whichever is applicable) are satisfied throughout that basis period in relation to the master fund and master-feeder fund-SPV structure, the feeder fund and master-feeder fund-SPV structure, or the SPV and master-feeder fund-SPV structure (as the case may be), being the first time that all of those conditions are satisfied in relation to the master fund and master-feeder fund-SPV structure, the feeder fund and master-feeder fund-SPV structure, or the SPV and master-feeder fund-SPV structure, as the case may be; and
 - (b) a basis period immediately following another basis period where all of those conditions (whichever is applicable) are satisfied throughout that other basis period in relation to the master fund and master-feeder fund-SPV structure, the feeder fund and master-feeder fund-SPV structure, or the SPV and master-feeder fund-SPV structure, as the case may be.
- (3) For the purposes of sub-paragraph (2) —
- (a) the reference in regulation 3B(2)(a) and (b)(i), (ii) and (iii) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 to the basis period for the year of assessment for which income is exempt from tax under those Regulations is to the basis period referred to in sub-paragraph (2)(a) or (b), as the case may be; and
 - (b) the reference in regulation 3B(2)(d) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 to the year of assessment for which income is exempt from tax under those Regulations is to the year of assessment to which the

basis period referred to in sub-paragraph (2)(a) or (b), as the case may be, relates.

(4) In this paragraph, “1st tier SPV”, “2nd tier SPV”, “approved”, “eligible SPV”, “feeder fund”, “master-feeder fund-SPV structure”, “master fund”, “SPV”, “taxable entity” and “trust fund” have the meanings given by section 13U(5) of the Act.

[S 708/2024 wef 12/09/2024]

Exemption from tax of qualifying amount paid by approved master fund, etc., in section 13U of Act in relation to approved master fund-SPV structure

7B.—(1) There is exempt from tax, in relation to an approved master fund-SPV structure, any qualifying amount liable to be paid by a person in the first column of the following table, on or after the date specified opposite that person in the second column of that table, to —

- (a) a person who is neither resident in Singapore nor has a permanent establishment in Singapore; or
- (b) a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, where the qualifying amount is not liable to be paid in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness undertaken or performed through that operation,

during a basis period described in sub-paragraph (2):

<i>First column</i>	<i>Second column</i>
<i>Person</i>	<i>Specified date</i>
1. A company incorporated in Singapore, a trustee of a trust fund (being a trust fund constituted in Singapore) or a partner of a limited partnership registered in Singapore, where the company, trust fund or	1 April 2015

<i>First column</i>	<i>Second column</i>
<i>Person</i>	<i>Specified date</i>
limited partnership (as the case may be) is the approved master fund of the structure	
2. An approved 1st tier SPV of the structure, that is a company	1 April 2015
3. An approved 2nd tier SPV of the structure, that is a company	1 April 2015
4. An approved eligible SPV of the structure, that is a person (not being a company, an individual or a Hindu joint family)	19 February 2019
5. An approved eligible SPV of the structure, where the eligible SPV is not one mentioned in items 4, 6, 7 and 8	19 February 2019
6. A partner of an approved eligible SPV of the structure, where the eligible SPV is a partnership (including a limited partnership and a limited liability partnership)	19 February 2019
7. The trustee of an approved eligible SPV of the structure, where the eligible SPV is a trust fund	19 February 2019
8. The taxable entity of an approved eligible SPV of the structure, where the eligible SPV is not a legal entity	19 February 2019

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- (2) The basis period is either of the following:
- (a) a basis period where all of the conditions in regulation 3C(2)(a), (b), (d), (e) and (f) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 (whichever is applicable) are satisfied throughout that basis period in relation to the master fund and master fund-SPV structure, or the SPV and master fund-SPV structure (as the case may be), being the first time that all of those conditions are satisfied in relation to the master fund and master fund-SPV structure or the SPV and master fund-SPV structure, as the case may be;
 - (b) a basis period immediately following another basis period where all of those conditions (whichever is applicable) are satisfied throughout that other basis period in relation to the master fund and master fund-SPV structure, or the SPV and master fund-SPV structure, as the case may be.
- (3) For the purposes of sub-paragraph (2) —
- (a) the reference in regulation 3C(2)(a) and (b)(i), (ii) and (iii) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 to the basis period for the year of assessment for which income is exempt from tax under those Regulations is to the basis period referred to in sub-paragraph (2)(a) or (b), as the case may be; and
 - (b) the reference in regulation 3C(2)(d) of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 to the year of assessment for which income is exempt from tax under those Regulations is to the year of assessment to which the basis period referred to in sub-paragraph (2)(a) or (b), as the case may be, relates.
- (4) In this paragraph, “1st tier SPV”, “2nd tier SPV”, “approved”, “eligible SPV”, “master fund”, “master fund-SPV structure”, “SPV”

and “taxable entity” have the meanings given by section 13U(5) of the Act.

[S 708/2024 wef 12/09/2024]

Exemption from tax of qualifying amount paid by sovereign fund entity referred to in section 13V of Act

8.—(1) There shall be exempt from tax any qualifying amount liable to be paid by a sovereign fund entity within the meaning of section 13V of the Act to a person who is not resident in Singapore and does not have a permanent establishment in Singapore, if the payment is liable to be made on or after 15th October 2010 and during either of the following basis periods:

(a) a basis period where all of the following conditions are satisfied throughout that basis period:

(i) the funds of the sovereign fund entity are managed by an approved foreign government-owned entity within the meaning of section 13V of the Act as part of the funds of the foreign government;

[S 938/2022 wef 31/12/2021]

(ii) the sovereign fund entity does not engage in any commercial activity in Singapore apart from that in sub-paragraph (i);

(iii) the approved foreign government-owned entity satisfies all the conditions specified in its letter of approval referred to in regulation 4 of the Income Tax (Exemption of Certain Income of Prescribed Sovereign Fund Entities and Approved Foreign Government-Owned Entities) Regulations 2012 (G.N. No. S 50/2012),

being the first time that all of those conditions are satisfied throughout a basis period;

(b) a basis period immediately following another basis period, where all of those conditions are satisfied throughout that other basis period.

[S 938/2022 wef 31/12/2021]

[S 938/2022 wef 06/12/2022]

(2) In this paragraph, “foreign government”, in relation to an approved foreign government-owned entity, means the foreign government that wholly and beneficially owns, whether directly or indirectly, the entity.

[S 938/2022 wef 31/12/2021]

Exemption from tax of qualifying amount paid by approved foreign government-owned entity referred to in section 13V of Act

9. There shall be exempt from tax any qualifying amount liable to be paid by an approved foreign government-owned entity within the meaning of section 13V of the Act to a person who is not resident in Singapore and does not have a permanent establishment in Singapore, if the payment is liable to be made on or after 15th October 2010 and during either of the following basis periods:

- (a) a basis period where all of the following conditions are satisfied throughout that basis period:
 - (i) the approved foreign government-owned entity satisfies all the conditions specified in its letter of approval referred to in regulation 4 of the Income Tax (Exemption of Certain Income of Prescribed Sovereign Fund Entities and Approved Foreign Government-Owned Entities) Regulations 2012 (G.N. No. S 50/2012);
 - (ii) the funds of the approved foreign government-owned entity are managed in Singapore,
being the first time that all of those conditions are satisfied throughout a basis period;
- (b) a basis period immediately following another basis period, where all of those conditions are satisfied throughout that other basis period.

[S 938/2022 wef 31/12/2021]

[S 938/2022 wef 06/12/2022]

Exemptions not applicable if loan, etc., is for non-investment activities, or payment is for tax avoidance

10.—(1) The exemption under paragraph 3, 4, 5, 6, 7, 7A, 7B, 8 or 9 only applies to a qualifying amount —

(a) in connection with any loan or indebtedness or with any arrangement, management, guarantee or service relating to any loan or indebtedness; or

(b) derived from any loan,

as the case may be, which is taken, incurred or procured for the purpose of facilitating an investment activity of the payer referred to in that paragraph.

[S 708/2024 wef 12/09/2024]

(2) For the avoidance of doubt, the exemption under paragraph 3, 4, 5, 6, 7, 7A, 7B, 8 or 9 shall not apply to a qualifying amount —

(a) in connection with any loan or indebtedness or with any arrangement, management, guarantee or service relating to any loan or indebtedness; or

(b) derived from any loan,

as the case may be, which is taken, incurred or procured for the purpose of making a dividend payment, a distribution to any beneficiary or unitholder of a trust fund, a payment pursuant to a share buyback or share capital reduction, or other similar payment.

[S 708/2024 wef 12/09/2024]

(3) An exemption under paragraph 3, 4, 5, 6, 7, 7A, 7B, 8 or 9 shall not apply to any payment made in connection with an arrangement referred to in section 33(1) of the Act.

[S 708/2024 wef 12/09/2024]

Made this 16th day of November 2012.

LIM SOO HOON
*Permanent Secretary
(Finance) (Performance),
Ministry of Finance,
Singapore.*

[MF R32.19.0004.V39; AG/LLRD/SL/134/2010/5 Vol. 2]