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No. S 6

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INCOME OF NON-RESIDENTS ARISING FROM FUNDS MANAGED BY FUND MANAGER IN SINGAPORE) REGULATIONS 2010

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation and commencement
 2. Definitions
 3. Exemption from tax of income under section 13CA of Act
 4. No deduction in respect of loss arising from designated investments
 5. Persons exempted from application of certain provisions
 6. Definition of associate
 7. Annual statement and annual declaration
- The Schedules
-

In exercise of the powers conferred by section 13CA of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Exemption of Income of Non-residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 and shall be deemed to have come into operation on 1st September 2007.

[S 384/2016 wef 11/04/2016]

(2) No liability to pay any penalty under section 13CA of the Act shall arise in respect of any exemption from tax prior to 7th January 2010.

Definitions

2.—(1) In these Regulations —

“approved start-up fund manager” means a start-up fund manager approved under paragraph (4);

“bona fide entity” means an entity that is not a non-bona fide entity;

“commodity derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity;

[S 262/2013 wef 17/02/2012]

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

“designated investments” means —

(a) in relation to income derived before 17th February 2012, investments specified in Part A of the First Schedule; and

(b) in relation to income derived between 17 February 2012 and 20 February 2014 (both dates inclusive), investments specified in Part A of the Second Schedule; and

[S 384/2016 wef 21/02/2014]

(c) in relation to income derived on or after 21 February 2014, investments specified in Part A of the Third Schedule;

[S 384/2016 wef 21/02/2014]

“designated person” means —

(a) the Government of Singapore Investment Corporation Pte. Ltd.;

(b) the Monetary Authority of Singapore; or

(c) any company which is wholly owned, directly or indirectly, by the Minister (in his capacity as a corporation established under the Minister for Finance (Incorporation) Act (Cap. 183)) and which

is approved by the Minister or such person as he may appoint;

“emission derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying emission allowances;

[S 262/2013 wef 17/02/2012]

“financial derivatives” means derivatives the payoffs of which are linked, whether in whole or in part, to the payoffs or performance of any financial assets, securities, financial instruments or indices, but excludes derivatives the payoffs of which are wholly linked to the payoffs or performance of commodities;

[S 262/2013 wef 17/02/2012]

“financial sector incentive company” has the same meaning as in section 43Q of the Act;

“freight derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates;

[S 262/2013 wef 17/02/2012]

“insolvency proceedings” means winding-up, bankruptcy, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of a person under the laws of any jurisdiction;

[S 498/2010 wef 22/01/2009]

“Islamic debt securities” has the same meaning as in section 43N(4) of the Act;

[S 498/2010 wef 22/01/2009]

“liquidation claims” means claims or other causes of actions (including interests, rights and demands) of creditors or equity holders of any person against such person, however arising, on cash or other tangible or intangible assets, from a person upon and in connection with any insolvency proceeding of that person;

[S 498/2010 wef 22/01/2009]

“prescribed person” —

- (a) in relation to an individual, means an individual who is neither a Singapore citizen nor resident in Singapore, and who is the beneficial owner of the funds managed by any fund manager in Singapore;
- (b) in relation to a company, means a company which, at all times during the basis period for the year of assessment —
 - (i) is not resident in Singapore;
 - (ii) does not have a permanent establishment in Singapore (other than a fund manager);
 - (iii) does not carry on a business in Singapore;
 - (iv) has, in aggregate, less than 100% of the value of its issued securities beneficially owned (directly or indirectly) by Singapore persons; and
[S 384/2016 wef 01/09/2007]
 - (v) is not a company the income of which is derived from investments which have been transferred (other than by way of a sale on market terms and conditions) from a person carrying on a business in Singapore where the income derived by that person from those investments was not, or would not have been if not for their transfer, exempt from tax;
[S 346/2012 wef 01/09/2007]
- (c) in relation to a trustee of a trust fund, means a trustee who, at all times during the basis period for the year of assessment —
 - (i) is not a resident in Singapore, a Singapore citizen or a permanent establishment in Singapore;
 - (ii) does not have a permanent establishment in Singapore (other than a fund manager);
 - (iii) does not carry on business in Singapore; and

(iv) is not a trustee the income of which is derived from investments which have been transferred to him in his capacity as a trustee of that trust fund (other than by way of a sale on market terms and conditions) from a person carrying on a business in Singapore where the income derived by that person from those investments was not, or would not have been if not for their transfer, exempt from tax,

and whose trust fund is, at all times during that basis period for the year of assessment, a trust fund in which the aggregate value of that fund held beneficially (directly or indirectly) by Singapore persons is less than 100%;

[S 384/2016 wef 01/09/2007]

[S 346/2012 wef 01/09/2007]

“qualifying debt securities” has the same meaning as in section 13(16) of the Act;

“registered business trust” has the same meaning as in the Business Trusts Act (Cap. 31A);

[S 498/2010 wef 22/01/2009]

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

“Singapore person”, in relation to paragraph (b) or (c) of the definition of “prescribed person”, means a person who is a Singapore citizen, resident in Singapore or permanent establishment in Singapore, but does not include —

(a) a company which is approved under section 13R of the Act and which, at all times during the basis period for the year of assessment for which the income of a prescribed person is exempt from tax under section 13CA of the Act —

(i) beneficially owns directly, 100% of the total value of all issued securities of the prescribed person or the total value of the trust fund for

which the prescribed person is the trustee, as the case may be; and

- (ii) satisfies 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);

[S 346/2012 wef 01/09/2007]

- (b) a designated person; or

[S 346/2012 wef 01/04/2009]

- (c) an approved person under section 13X of the Act and which, at all times during the basis period for the year of assessment for which the income of a prescribed person is exempt from tax under section 13CA of the Act —

- (i) beneficially owns directly, 100% of the total value of all issued securities of the prescribed person or the total value of the trust fund for which the prescribed person is the trustee, as the case may be; and

- (ii) satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 414/2010);

[S 384/2016 wef 07/07/2010]

[S 346/2012 wef 01/04/2009]

“specified income” means —

- (a) in relation to income derived before 17th February 2012, income specified in Part B of the First Schedule; and
- (b) in relation to income derived between 17 February 2012 and 20 February 2014 (both dates inclusive), income specified in Part B of the Second Schedule; and

[S 384/2016 wef 21/02/2014]

(c) in relation to income derived on or after 21 February 2014, income specified in Part B of the Third Schedule;

[S 384/2016 wef 21/02/2014]

“structured product” has the same meaning as in section 13(16) of the Act;

[S 498/2010 wef 22/01/2009]

“unit” means a right or interest (whether described as a unit, a sub-unit or otherwise) which may be acquired under a unit trust;

“unit trust” means any trust established for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income arising from the acquisition, management or disposal of securities or any other property.

(2) The requirement in paragraph (b)(iv) of the definition of “prescribed person” in paragraph (1) relating to beneficial ownership of issued securities of a company does not apply to a fund constituted as a company and which is not resident in Singapore, for a period of 12 months from the date of its incorporation if —

- (a) the company is incorporated at any time between 18th February 2005 and 17th February 2010 (both dates inclusive);
- (b) the date of its incorporation is stated in its charter, statute or memorandum and articles or other instrument constituting it or defining its constitution;
- (c) the company was incorporated by a fund manager who was an approved start-up fund manager at the time of incorporation; and
- (d) the company is not incorporated with the avoidance or reduction of tax chargeable under the Act as its main purpose or one of its main purposes.

(3) The requirement in paragraph (c) of the definition of “prescribed person” in paragraph (1) relating to beneficial holding of the value of a

trust fund does not apply to a trust fund, for a period of 12 months from the date of its constitution if —

- (a) the fund is constituted at any time between 18th February 2005 and 17th February 2010 (both dates inclusive);
- (b) the date of its constitution is stated in the relevant trust instrument;
- (c) it was constituted by a fund manager who was an approved start-up fund manager at the time of constitution; and
- (d) it is not constituted with the avoidance or reduction of tax chargeable under the Act as its main purpose or one of its main purposes.

[S 346/2012 wef 01/09/2007]

(4) For the purpose of paragraphs (2) and (3), the Minister or such persons as he may appoint may approve a fund manager as an approved start-up fund manager, and such approval shall be for a period not exceeding 3 years.

(5) For the purposes of section 13CA of the Act and these Regulations, issued securities include —

- (a) any right under a contract for differences, or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations, in —
 - (i) the value or price of issued debentures, stocks or shares;
 - (ii) the value or price of any group of any such debentures, stocks or shares; or
 - (iii) an index of any such debentures, stocks or shares; and

(b) derivatives of a buy-sell nature for funding purpose, but does not include —

- (A) futures contracts which are traded on a futures market;
- (B) bills of exchange;
- (C) promissory notes; or

(D) certificates of deposit issued by a bank or finance company.

(6) Any reference in section 13CA of the Act and these Regulations to the value of issued securities of a company of the type described in paragraph (5) is a reference to the value of those securities —

- (a) at the time of their issue by the company; or
- (b) in the case of derivatives of a buy-sell nature, at the time of their buy-sell transaction.

(7) For the purposes of section 13CA of the Act and these Regulations, “prescribed percentage” means —

- (a) where the prescribed person or the trust fund for which the prescribed person is the trustee has less than 10 relevant owners or relevant beneficiaries — 30%; or
- (b) where the prescribed person or the trust fund for which the prescribed person is the trustee has at least 10 relevant owners or relevant beneficiaries — 50%.

Exemption from tax of income under section 13CA of Act

3. Subject to regulation 4, there shall be exempt from tax the specified income derived by a prescribed person from funds managed in Singapore by any fund manager in respect of designated investments.

No deduction in respect of loss arising from designated investments

4. Notwithstanding anything in these Regulations, no deduction shall be allowed under the Act to —

- (a) any prescribed person in respect of any loss arising from —
 - (i) the sale, maturity, redemption or transfer of both legal and beneficial ownership (other than sale or by way of a securities lending and repurchase arrangement) of any designated investments if any gains or profits realised from such sale, maturity, redemption or transfer would have been exempt from tax under regulation 3; and

[S 498/2010 wef 22/01/2009]

- (ii) any transaction, other than those falling under sub-paragraph (i), in respect of any designated investments if any gains or profits from such transaction would have been exempt from tax under regulation 3;

[S 346/2012 wef 01/09/2007]

- (b) any relevant owner or relevant beneficiary, as the case may be, of any prescribed person or the trust fund for which the prescribed person is the trustee in respect of any loss arising from sales or transactions of the types described in paragraph (a) which are otherwise attributable to such relevant owner or relevant beneficiary.

Persons exempted from application of certain provisions

5.—(1) Section 13CA(2) or (4) of the Act shall not apply to a relevant owner or relevant beneficiary, as the case may be, who is —

- (a) an individual;
- (b) a bona fide entity not resident in Singapore who does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore;
- (c) a bona fide entity not resident in Singapore (excluding a permanent establishment in Singapore) who carries on an operation in Singapore through a permanent establishment in Singapore where the funds used by the entity to invest directly or indirectly in the prescribed person or the trust fund for which the prescribed person is the trustee are not obtained from such operation;

[S 346/2012 wef 01/09/2007]

- (d) a designated person;

[S 346/2012 wef 01/09/2007]

- (e) an approved company under section 13R of the Act which, at all times during the basis period for the year of assessment for which the income of a prescribed person is exempt from tax under section 13CA of the Act —

- (i) beneficially owns directly, 100% of the total value of all issued securities of the prescribed person or the total value of the trust fund for which the prescribed person is the trustee, as the case may be; and
- (ii) satisfies 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); or

[S 346/2012 wef 01/04/2009]

[S 346/2012 wef 01/09/2007]

- (f) an approved person under section 13X of the Act which, at all times during the basis period for the year of assessment for which the income of a prescribed person is exempt from tax under section 13CA of the Act —

- (i) *[Deleted by S 644/2013 wef 01/04/2009]*

- (ii) satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 414/2010).

[S 384/2016 wef 07/07/2010]

[S 346/2012 wef 01/04/2009]

(2) Section 13CA(6) of the Act shall not apply to a liable person referred to in that provision if the person is —

- (a) an individual;
- (b) a bona fide entity not resident in Singapore who does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore;
- (c) a bona fide entity not resident in Singapore (excluding a permanent establishment in Singapore) who carries on an operation in Singapore through a permanent establishment in Singapore where the funds used by the entity to invest directly or indirectly in the prescribed person or the trust

fund for which the prescribed person is the trustee are not obtained from such operation;

[S 346/2012 wef 01/09/2007]

(d) a designated person;

[S 346/2012 wef 01/09/2007]

(e) an approved company under section 13R of the Act which, at all times during the basis period for the year of assessment for which the income of a prescribed person is exempt from tax under section 13CA of the Act —

(i) beneficially owns directly, 100% of the total value of all issued securities of the prescribed person or the total value of the trust fund for which the prescribed person is the trustee, as the case may be; and

(ii) satisfies 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; or

[S 346/2012 wef 01/04/2009]

[S 346/2012 wef 01/09/2007]

(f) an approved person under section 13X of the Act which, at all times during the basis period for the year of assessment for which the income of the prescribed person is exempt from tax under section 13CA of the Act —

(i) *[Deleted by S 644/2013 wef 01/04/2009]*

(ii) satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010.

[S 384/2016 wef 07/07/2010]

[S 346/2012 wef 01/04/2009]

[S 346/2012 wef 01/09/2007]

(3) For the purposes of section 13CA(2), (4) and (6) of the Act and regulation 2(7), where the issued securities, value of trust fund or equity interest, as the case may be, is held by a trustee of a trust, the relevant owner, relevant beneficiary or person shall be the beneficiary of the trust administered by the trustee.

(4) For the purposes of paragraph (3), if a person is a beneficiary of a trust (referred to in this paragraph as a first level trust entity) whose trustee holds (including by virtue of one or more applications of this paragraph), in its capacity as trustee of the first level trust entity, interests of another trust (referred to in this paragraph as a second level trust entity), then the person is taken to beneficially own interests of the second level trust entity; and the percentage which the value of those interests bears to the total value of all interests of the second level trust entity shall be computed in accordance with the following formula:

$$A \times B,$$

where A is the percentage which the value of the interest of the first level trust entity beneficially owned by the person bears to the total value of all interests of the first level trust entity; and

B is the percentage which the value of the interest of the second level trust entity beneficially owned by the trustee of the first level trust entity bears to the total value of all interests of the second level trust entity.

Definition of associate

6.—(1) For the purposes of section 13CA of the Act and subject to paragraph (2), a person (“P1”) is an associate of another person (“P2”), where P1 or P2 are neither designated persons nor individuals —

(a) where P1 is a company and —

(i) where P2 is another company —

(A) P1 beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P2;

(B) P2 beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P1; or

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-
- (C) a third person beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P1 and at least 25% of the total value of the issued securities of P2;
- (ii) where P2 is a company and a beneficiary of a trust —
 - (A) P1 beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P2;
 - (B) P2 beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P1; or
 - (C) a third person beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P1 and at least 25% of the total value of the issued securities of P2; and
- (b) where P1 is a company and is a beneficiary of a trust (T1) and where P2 is a company and is a beneficiary of another trust (T2) —
 - (i) P1 beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P2;
 - (ii) P2 beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P1; or
 - (iii) a third person beneficially owns, directly or indirectly, at least 25% of the total value of the issued securities of P1 and at least 25% of the total value of the issued securities of P2.
- (2) Notwithstanding anything in paragraph (1), P1 is not an associate of P2 in the following cases:
- (a) where —
 - (i) either P1 or P2 is an entity listed on an exchange in Singapore or elsewhere;

- (ii) P1 does not beneficially own, directly or indirectly, at least 25% of the total value of the issued securities of P2; and
- (iii) P2 does not beneficially own, directly or indirectly, at least 25% of the total value of the issued securities of P1;

[S 644/2013 wef 01/04/2009]

(b) where —

- (i) no third person (other than an individual or a designated person) beneficially owns, directly or indirectly, at least 25% of the total value of issued securities of P1 and at least 25% of the total value of issued securities of P2; and
- (ii) at least 25% of the total value of the issued securities of P1 and at least 25% of the total value of the issued securities of P2 are owned either directly by an individual or a designated person, or indirectly through a nominee company or a trust fund by an individual or a designated person; or

[S 644/2013 wef 01/04/2009]

(c) where P1 is an approved person under section 13X of the Act which, at all times during the basis period for the year of assessment for which the income of a prescribed person is exempt from tax under section 13CA of the Act —

(i) beneficially owns directly —

(A) if the prescribed person is a company, any of the issued securities of the company; or

(B) if the prescribed person is a trustee of a trust fund, any part of the trust fund; and

(ii) satisfies all the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 414/2010).

[S 644/2013 wef 01/04/2009]

Annual statement and annual declaration

7.—(1) Where a prescribed person derives in any basis period any income exempt from tax under regulation 3, any fund manager of the prescribed person shall issue to every relevant owner or relevant beneficiary, as the case may be, of the prescribed person or the trust fund for which the prescribed person is the trustee a statement for the basis period.

- (2) The statement issued under paragraph (1) shall include —
- (a) the gains or profits as reflected in the audited account of the prescribed person for the basis period;
 - (b) the total value of the issued securities (the prescribed person being a company), or the total value of the trust fund (the prescribed person being the trustee of the trust fund), as the case may be, on the relevant day;
 - (c) the total value of the issued securities (the prescribed person being a company), or the total value of the trust fund (the prescribed person being the trustee of the trust fund), as the case may be, held by the relevant owner or relevant beneficiary, as the case may be, on the relevant day; and
 - (d) whether the number of relevant owner or relevant beneficiary, as the case may be, of the prescribed person or the trust fund for which the prescribed person is the trustee is less than 10 on the relevant day.

(3) The Minister or such person as he may appoint may, in any particular case, waive the requirement under paragraph (1), subject to such conditions as he may impose.

(4) Any fund manager of the prescribed person shall, within one month after the date of issue of the audited account of the prescribed person relating to any basis period in which the relevant day falls or such extended time as the Comptroller may allow —

- (a) submit a declaration to the Comptroller, in such form as the Comptroller may specify, where the prescribed person or the trust fund for which the prescribed person is the trustee has any relevant owner or relevant beneficiary to whom

section 13CA(2) or (4) of the Act applies for the basis period; and

[S 346/2012 wef 01/09/2007]

(b) provide such details of the relevant owner or relevant beneficiary as may be specified by the Comptroller.

(5) Where a relevant owner or relevant beneficiary is liable to pay to the Comptroller a penalty under section 13CA of the Act, he shall declare the amount of penalty liable to be paid in its return of income for the year of assessment relating to the basis period of the relevant owner or relevant beneficiary in which the relevant day falls.

(6) Paragraphs (1) and (4) shall not apply where the relevant owner or the relevant beneficiary is an approved company under section 13R of the Act referred to in regulation 5(1)(e) or an approved person under section 13X of the Act referred to in regulation 5(1)(f), as the case may be.

[S 346/2012 wef 01/09/2007]

[S 346/2012 wef 01/04/2009]

FIRST SCHEDULE

Regulation 2

PART A

DESIGNATED INVESTMENTS IN RELATION TO INCOME DERIVED BEFORE 17TH FEBRUARY 2012

The following investments:

- (a) stocks and shares of —
 - (i) any company that is listed on the Singapore Exchange or the Kuala Lumpur Stock Exchange;
 - (ii) any company that is listed on any exchange other than the Singapore Exchange or the Kuala Lumpur Stock Exchange if the company is —
 - (A) incorporated in Singapore and resident in Singapore; or
 - (B) incorporated outside Singapore and not resident in Singapore and the stocks and shares issued by such companies are denominated in any foreign currency; or

FIRST SCHEDULE — *continued*

- (iii) any company that is not listed on a stock exchange in Singapore or elsewhere if the company is not in the business of trading or holding of Singapore immovable properties (other than the business of property development);
- (b) securities (other than stocks and shares) denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies which are neither incorporated in Singapore nor resident in Singapore;
- (c) futures contracts held in any futures exchange;
- (d) any immovable property situated outside Singapore;
- (e) certificates of deposit, notes and bonds issued by Asian Currency Units in Singapore;
- (f) Asian Dollar Bonds approved under section 13(1)(v) of the Act;
- (g) deposits held in Singapore with any approved bank as defined in section 13(16) of the Act;
[S 83/2014 wef 14/02/2014]
- (h) foreign currency deposits held outside Singapore with financial institutions outside Singapore;
[S 83/2014 wef 14/02/2014]
- (i) bonds and other securities listed on the Singapore Exchange or the Kuala Lumpur Stock Exchange, and other bonds and securities issued by companies which are incorporated in Singapore and resident in Singapore;
- (j) Singapore Government securities;
- (k) foreign exchange transactions;
- (l) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and swaps, forwards and option contracts relating to any designated investment specified in this Part or financial index, with —
 - (i) a financial sector incentive company which is —
 - (A) a bank licensed under the Banking Act (Cap. 19);
 - (B) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186); or
 - (C) a holder of a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities

FIRST SCHEDULE — *continued*

- or a company exempted under that Act from holding such a licence;
- (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore;
- (m) units in any unit trust which invests wholly in designated investments specified in this Part;
- (n) qualifying debt securities that are discount securities issued during the period from 17th February 2006 to 31st December 2013 (both dates inclusive);
- (o) securities (including bonds, notes, certificates of deposit and treasury bills, but excluding stocks and shares) issued by supranational bodies;
- (p) loans that are —
- (i) granted by the prescribed person to any company incorporated outside Singapore which is neither resident in Singapore nor a permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or
 - (ii) granted by a person other than the prescribed person but traded by the prescribed person;
- (q) commodity derivatives;
- (r) physical commodities if —
- (i) the trading of those physical commodities by the prescribed person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and
 - (ii) the trade volume of those physical commodities traded by the prescribed person in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded by the prescribed person in that basis period;
- (s) units in a registered business trust;
- (t) emission derivatives;

FIRST SCHEDULE — *continued*

- (u) liquidation claims;
- (v) structured products; and
- (w) investments in prescribed Islamic financing arrangements under section 34B of the Act that are commercial equivalents of any of the other designated investments specified in this Part.

PART B

SPECIFIED INCOME IN RELATION TO INCOME
DERIVED BEFORE 17TH FEBRUARY 2012

The following income:

- (a) interest and dividends in respect of designated investments specified in Part A of this Schedule derived from outside Singapore that are received in Singapore;
- (b) interest derived from deposits held in Singapore with and certificates of deposit issued by any approved bank as defined in section 13(16) of the Act and from Asian Dollar Bonds approved under section 13(1)(v) of the Act;
[S 83/2014 wef 14/02/2014]
- (c) gains or profits realised from the sale of any designated investments specified in Part A of this Schedule;
- (d) gains or profits arising from transactions referred to in paragraphs (c), (k), (l), (p), (q) and (r) of Part A of this Schedule;
- (e) fees and compensatory payments derived from securities lending or repurchase arrangements with —
 - (i) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (ii) the Monetary Authority of Singapore;
 - (iii) a bank licensed under the Banking Act (Cap. 19);
 - (iv) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - (v) a finance company licensed under the Finance Companies Act (Cap. 108);
 - (vi) a holder of a capital markets services licence who is licensed to carry on business in the following regulated activities under the

FIRST SCHEDULE — *continued*

Securities and Futures Act (Cap. 289) (or a company exempted under that Act from holding such a licence):

- (A) dealing in securities (other than any person licensed under the Financial Advisers Act (Cap. 110));
 - (B) fund management;
 - (C) securities financing; or
 - (D) providing custodial services for securities;
- (vii) a collective investment scheme or closed-end fund as defined in the Securities and Futures Act that is constituted as a corporation;
- (viii) the Central Depository (Pte) Limited;
- (ix) an insurer registered or regulated under the Insurance Act (Cap. 142) or exempted under that Act from being registered or regulated; or
- (x) a trust company registered under the Trust Companies Act (Cap. 336);
- (f) rents and any other income derived from any immovable property situated outside Singapore that are received in Singapore;
- (g) discounts derived from outside Singapore that are received in Singapore;
- (h) discounts from qualifying debt securities which are issued during the period from 17th February 2006 to 31st December 2013 (both dates inclusive);
- (i) interest derived from qualifying debt securities;
- (j) distributions from foreign unit trusts derived from outside Singapore that are received in Singapore;
- (k) prepayment fee, redemption premium and break cost from qualifying debt securities issued during the period from 15th February 2007 to 31st December 2013 (both dates inclusive);
- (l) gains or profits realised on or after 22nd January 2009 upon the maturity, redemption or transfer of both legal and beneficial ownership (other than sale or by way of a securities lending and repurchase arrangement) of any designated investments specified in Part A of this Schedule; and

FIRST SCHEDULE — *continued*

- (m) amounts payable from any Islamic debt securities issued on or after 22nd January 2009 which are qualifying debt securities.

[S 262/2013 wef 17/02/2012]

SECOND SCHEDULE

Regulation 2

PART A

DESIGNATED INVESTMENTS IN RELATION TO
INCOME DERIVED BETWEEN 17 FEBRUARY 2012 AND
20 FEBRUARY 2014 (BOTH DATES INCLUSIVE)

[S 384/2016 wef 21/02/2014]

The following investments:

- (a) stocks and shares of any company, other than a company that is —
- (i) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (ii) not listed on a stock exchange in Singapore or elsewhere;
- (b) bonds, notes, commercial papers, treasury bills and certificates of deposit, but excluding in relation to specified income derived on or after 1st September 2012, any bonds, notes, commercial papers, treasury bills and certificates of deposit which are not qualifying debt securities and which are issued by any company that is —
- (i) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (ii) not listed on a stock exchange in Singapore or elsewhere;
- (c) real estate investment trusts, exchange traded funds or any other securities which are —
- (i) denominated in foreign currency issued by foreign governments;
 - (ii) listed on any exchange;
 - (iii) issued by supranational bodies; or
 - (iv) issued by any company,

SECOND SCHEDULE — *continued*

but excluding in relation to specified income derived on or after 1st September 2012, any securities which are issued by any company that is —

- (A) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (B) not listed on a stock exchange in Singapore or elsewhere;
- (d) futures contracts held in any futures exchanges;
- (e) any immovable property situated outside Singapore;
- (f) deposits held in Singapore with any approved bank as defined in section 13(16) of the Act;
- [S 83/2014 wef 14/02/2014]*
- (g) foreign currency deposits held outside Singapore with financial institutions outside Singapore;
- [S 83/2014 wef 14/02/2014]*
- (h) foreign exchange transactions;
- (i) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and any financial derivative relating to any designated investment specified in this Part or financial index, with —
- (i) a financial sector incentive company which is —
 - (A) a bank licensed under the Banking Act (Cap. 19);
 - (B) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186); or
 - (C) a holder of a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities or a company exempted under that Act from holding such a licence;
 - (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore;
- (j) units in any unit trust which invests wholly in designated investments specified in this Part;

SECOND SCHEDULE — *continued*

- (k) loans that are —
 - (i) granted by a prescribed person to any company incorporated outside Singapore which is neither resident in Singapore nor a permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or
 - (ii) granted by a person other than a prescribed person but traded by a prescribed person;
- (l) commodity derivatives;
- (m) physical commodities if —
 - (i) the trading of those physical commodities by a prescribed person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and
 - (ii) the trade volume of those physical commodities traded by the prescribed person in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded by the prescribed person in that basis period;
- (n) units in a registered business trust;
- (o) emission derivatives;
- (p) liquidation claims;
- (q) structured products;
- (r) investments in prescribed Islamic financing arrangements under section 34B of the Act that are commercial equivalents of any of the other designated investments specified in this Part;
- (s) private trusts that invest wholly in designated investments specified in this Part;
- (t) freight derivatives; and
- (u) publicly-traded partnerships that do not carry on any trade, business, profession or vocation in Singapore.

SECOND SCHEDULE — *continued*

PART B

SPECIFIED INCOME IN RELATION TO
INCOME DERIVED BETWEEN 17 FEBRUARY 2012
AND 20 FEBRUARY 2014 (BOTH DATES
INCLUSIVE)

[S 384/2016 wef 21/02/2014]

Any income or gains derived from designated investments specified in Part A of this Schedule, but does not include the following:

- (a) *[Deleted by S 106/2017 wef 17/02/2012]*
- (b) interest and other payments that fall within the ambit of section 12(6) of the Act other than —
 - (i) interest derived from deposits held in Singapore with and certificates of deposit issued by any approved bank as defined in section 13(16) of the Act and from Asian Dollar Bonds approved under section 13(1)(v) of the Act;
[S 83/2014 wef 14/02/2014]
 - (ii) interest from qualifying debt securities;
 - (iii) discounts from qualifying debt securities issued on or after 17th February 2006;
 - (iv) prepayment fees, redemption premiums and break costs from qualifying debt securities issued on or after 15th February 2007;
 - (v) amounts payable from any Islamic debt securities issued on or after 22nd January 2009 which are qualifying debt securities;
 - (vi) fees and compensatory payments derived from securities lending or repurchase arrangements with —
 - (A) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (B) the Monetary Authority of Singapore;
 - (C) a bank licensed under the Banking Act (Cap. 19);
 - (D) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - (E) a finance company licensed under the Finance Companies Act (Cap. 108);
 - (F) a holder of a capital markets services licence who is licensed to carry on business in the following regulated

SECOND SCHEDULE — *continued*

activities under the Securities and Futures Act (Cap. 289) or a company exempted under that Act from holding such a licence:

- (FA) dealing in securities (other than any person licensed under the Financial Advisers Act (Cap. 110));
 - (FB) fund management;
 - (FC) securities financing; or
 - (FD) providing custodial services for securities;
 - (G) a collective investment scheme or closed-end fund as defined in the Securities and Futures Act that is constituted as a corporation;
 - (H) the Central Depository (Pte) Limited;
 - (I) an insurer registered or regulated under the Insurance Act (Cap. 142) or exempted under that Act from being registered or regulated; or
 - (J) a trust company registered under the Trust Companies Act (Cap. 336);
- (c) any distribution made by a trustee of a real estate investment trust within the meaning of section 43(10) of the Act;
- (d) any distribution made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a distribution made by a trustee of a trust whose income is exempt from tax under section 13C, 13G, 13O or 13X of the Act; and
- (e) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise.

[S 106/2017 wef 17/02/2012]

THIRD SCHEDULE

Regulation 2(1)

PART A

DESIGNATED INVESTMENTS IN RELATION TO INCOME DERIVED ON OR AFTER 21 FEBRUARY 2014

The following investments:

- (a) stocks and shares of any company, other than a company that is —
 - (i) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (ii) not listed on a stock exchange in Singapore or elsewhere;
- (b) bonds, notes, commercial papers, treasury bills and certificates of deposit, but excluding those which are not qualifying debt securities and which are issued by any company that is —
 - (i) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (ii) not listed on a stock exchange in Singapore or elsewhere;
- (c) real estate investment trusts, exchange traded funds or any other securities which are —
 - (i) denominated in foreign currency issued by foreign governments;
 - (ii) listed on any exchange;
 - (iii) issued by supranational bodies; or
 - (iv) issued by any company,but excluding any securities which are issued by any company that is —
 - (A) in the business of trading or holding of Singapore immovable properties (other than the business of property development); and
 - (B) not listed on a stock exchange in Singapore or elsewhere;
- (d) futures contracts held in any futures exchanges;
- (e) any immovable property situated outside Singapore;
- (f) deposits held in Singapore with any approved bank as defined in section 13(16) of the Act;

THIRD SCHEDULE — *continued*

- (g) foreign currency deposits held outside Singapore with financial institutions outside Singapore;
- (h) foreign exchange transactions;
- (i) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and any financial derivative relating to any designated investment specified in this Part or financial index, with —
 - (i) a financial sector incentive company which is —
 - (A) a bank licensed under the Banking Act (Cap. 19);
 - (B) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186); or
 - (C) a holder of a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities or a company exempted under that Act from holding such a licence;
 - (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore;
- (j) units in any unit trust which invests wholly in designated investments specified in this Part;
- (k) loans that are —
 - (i) granted by a prescribed person to any company incorporated outside Singapore which is neither resident in nor a permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or
 - (ii) granted by a person other than a prescribed person but traded by a prescribed person;
- (l) commodity derivatives;
- (m) physical commodities if —
 - (i) the trading of those physical commodities by a prescribed person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity

THIRD SCHEDULE — *continued*

derivatives (called in this paragraph related commodity derivatives) in that basis period; and

- (ii) the trade volume of those physical commodities traded by the prescribed person in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded by the prescribed person in that basis period;
- (n) units in a registered business trust;
- (o) emission derivatives;
- (p) liquidation claims;
- (q) structured products;
- (r) investments in prescribed Islamic financing arrangements under section 34B of the Act that are commercial equivalents of any of the other designated investments specified in this Part;
- (s) private trusts that invest wholly in designated investments specified in this Part;
- (t) freight derivatives;
- (u) publicly-traded partnerships that do not carry on any trade, business, profession or vocation in Singapore;
- (v) any loan granted to a trustee of a trust constituted outside Singapore, where —
 - (i) the trustee is neither resident in Singapore nor a permanent establishment in Singapore; and
 - (ii) for the year of assessment in question, no interest, commission, fee or other payment in respect of the loan is deductible under the Act against any income of the trust accruing in or is derived from Singapore;
- (w) membership or similar interests in a company formed under the laws of any state of the United States of America as a limited liability company, or under the laws of any other foreign country as a limited liability company or its equivalent;
- (x) bankers' acceptances.

THIRD SCHEDULE — *continued*

PART B

SPECIFIED INCOME DERIVED ON OR AFTER
21 FEBRUARY 2014

Any income or gains derived from designated investments specified in Part A of this Schedule, but does not include the following:

- (a) [*Deleted by S 106/2017 wef 21/02/2014*]
- (b) interest and other payments that fall within the ambit of section 12(6) of the Act other than the following:
 - (i) interest derived from deposits held in Singapore with, and certificates of deposit issued by, any approved bank as defined in section 13(16) of the Act, and from Asian Dollar Bonds approved under section 13(1)(v) of the Act;
 - (ii) interest from qualifying debt securities;
 - (iii) discounts from qualifying debt securities issued on or after 17 February 2006;
 - (iv) prepayment fees, redemption premiums and break costs from qualifying debt securities issued on or after 15 February 2007;
 - (v) amounts payable from any Islamic debt securities issued on or after 22 January 2009 which are qualifying debt securities;
 - (vi) fees and compensatory payments derived from securities lending or repurchase arrangements with —
 - (A) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (B) the Monetary Authority of Singapore;
 - (C) a bank licensed under the Banking Act (Cap. 19);
 - (D) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
 - (E) a finance company licensed under the Finance Companies Act (Cap. 108);
 - (F) a holder of a capital markets services licence who is licensed to carry on business in the following regulated activities under the Securities and Futures Act (Cap. 289) or a company exempted under that Act from holding such a licence:

THIRD SCHEDULE — *continued*

- (FA) dealing in securities (other than any person licensed under the Financial Advisers Act (Cap. 110));
 - (FB) fund management;
 - (FC) securities financing;
 - (FD) providing custodial services for securities;
 - (G) a collective investment scheme or closed-end fund as defined in the Securities and Futures Act that is constituted as a corporation;
 - (H) the Central Depository (Pte) Limited;
 - (I) an insurer registered or regulated under the Insurance Act (Cap. 142) or exempted under the Act from being registered or regulated; or
 - (J) a trust company registered under the Trust Companies Act (Cap. 336);
- (c) any distribution made by a trustee of a real estate investment trust within the meaning of section 43(10) of the Act;
- (d) any distribution made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a distribution made by a trustee whose income is exempt from tax under section 13C, 13G, 13O or 13X of the Act;
- (e) income or gain —
- (i) derived or deemed to be derived from Singapore; and
 - (ii) paid out of income of a publicly-traded partnership, being income on which tax is paid or payable in Singapore;
- (f) income or gain —
- (i) derived or deemed to be derived from Singapore; and
 - (ii) paid out of income of a company formed under the laws of any state of the United States of America as a limited liability company, or under the laws of any other foreign country as a limited liability company or its equivalent, being income on which tax is paid or payable in Singapore.

[S 106/2017 wef 21/02/2014]

[S 384/2016 wef 21/02/2014]

Made this 4th day of January 2010.

PETER ONG
*Permanent Secretary,
Ministry of Finance,
Singapore.*

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