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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (REMISSION OF TAX FOR SHIPPING ENTERPRISES) ORDER 2013

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation and commencement
 2. Definitions
 3. Remission in relation to sale of ships
 4. Remission in relation to sale of special purpose company
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In exercise of the powers conferred by section 92(2A) of the Income Tax Act, the Minister for Finance hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Income Tax (Remission of Tax for Shipping Enterprises) Order 2013 and shall come into operation on 9th January 2013.

Definitions

2.—(1) In this Order —

“approved” and “international shipping enterprise” have the same meanings as in section 13F(6) of the Act;

“operating”, in relation to a ship, means any of the following:

- (a) the carriage of passengers, mail, livestock or goods by the ship outside the limits of the port of Singapore;
- (b) the charter of the ship for any use outside the limits of the port of Singapore;

(c) the use of the ship outside the limits of the port of Singapore as a dredger, seismic ship, or for offshore oil or gas activity;

(d) the use of the ship for towing or salvage operations outside the limits of the port of Singapore;

“ship” includes any dredger, seismic ship or any vessel used for offshore oil or gas activity;

“shipping enterprise” has the same meaning as in section 13A(16) of the Act.

(2) In this Order, a reference to a ship being registered (provisionally or otherwise) under the Merchant Shipping Act (Cap. 179) at any particular time does not include a ship whose registry under that Act is closed or deemed to be closed or is suspended at that time.

Remission in relation to sale of ships

3.—(1) There shall be remitted the tax on the income of a shipping enterprise or an approved international shipping enterprise, as the case may be, where the enterprise is in the business of operating ships, and —

(a) the income is derived during the period from the first day of the basis period for the year of assessment 2005 to 31st May 2011 (both dates inclusive); and

(b) the income comprises —

(i) in the case of the shipping enterprise, the gains derived from any of the following:

(A) the sale of any of its ships registered (provisionally or otherwise) under the Merchant Shipping Act (Cap. 179);

(B) the assignment by the enterprise to another person of all its rights as a buyer under a contract for the construction of any ship which is, at the time of the assignment, provisionally registered under the Merchant Shipping Act; and

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- (ii) in the case of the approved international shipping enterprise, the gains derived from any of the following:
- (A) the sale of any of its ships registered (provisionally or otherwise) under any shipping registry, including under the Merchant Shipping Act;
 - (B) the assignment by the enterprise to another person of all its rights as a buyer under a contract for the construction of any ship which is, at the time of the assignment, registered (provisionally or otherwise) under any shipping registry, including under the Merchant Shipping Act.
- (2) The remission referred to in sub-paragraph (1) shall not apply to the gains derived by the shipping enterprise or approved international shipping enterprise, as the case may be —
- (a) from the sale by the enterprise of any ship under a finance lease treated as a sale under section 10D of the Act and the Income Tax (Income from Finance Leases) Regulations (Rg 13), under which the enterprise is a lessor; or
 - (b) in the case of the shipping enterprise, from the sale by the enterprise of any ship before its delivery to the enterprise, where —
 - (i) the ship is the only asset owned by the enterprise; and
 - (ii) the enterprise is not related to any other shipping enterprise, or any approved international shipping enterprise, that carries on the business in Singapore of operating ships.
- (3) For the purpose of sub-paragraph (2)(b)(ii), a shipping enterprise is related to another shipping enterprise or an approved international shipping enterprise if —
- (a) 25% or more of the total number of the issued shares of the first-mentioned shipping enterprise are beneficially owned, directly or indirectly, by the second-mentioned shipping

enterprise or the approved international shipping enterprise, as the case may be;

- (b) 25% or more of the total number of the issued shares of the second-mentioned shipping enterprise or the approved international shipping enterprise, as the case may be, are beneficially owned, directly or indirectly, by the first-mentioned shipping enterprise; or
- (c) 25% or more of the total number of issued shares in each of—
 - (i) the first-mentioned shipping enterprise; and
 - (ii) the second-mentioned shipping enterprise or the approved international shipping enterprise, as the case may be,

are beneficially owned, directly or indirectly, by a third person.

Remission in relation to sale of special purpose company

4. There shall be remitted the tax on the income derived by a shipping enterprise or an approved international shipping enterprise, as the case may be, where —

- (a) the income is derived during the period from 16th February 2008 to 31st May 2011 (both dates inclusive); and
- (b) the income comprises gains derived from the sale of the entire ordinary shareholding of the enterprise in a wholly-owned special purpose company whose only business is operating ships and —
 - (i) in the case of the shipping enterprise, at the time of the sale of the shares by the enterprise, the special purpose company —
 - (A) owns one or more ships registered (provisionally or otherwise) under the Merchant Shipping Act (Cap. 179) and does not own any ship registered under a foreign registry; or
 - (B) is the buyer under a contract for the construction of any ship which is, at that time, provisionally

registered under the Merchant Shipping Act and does not own any ship registered under a foreign registry; and

- (ii) in the case of the approved international shipping enterprise, at the time of the sale of the shares by the enterprise, the special purpose company —
- (A) owns any ship registered (provisionally or otherwise) under any shipping registry, including under the Merchant Shipping Act; or
 - (B) is the buyer under a contract for the construction of any ship which is, at that time, registered (provisionally or otherwise) under any shipping registry, including under the Merchant Shipping Act.

Made this 3rd day of January 2013.

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

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