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No. S 614

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION AND CONCESSIONARY TAX RATE FOR INCOME FROM GENERAL BUSINESS) REGULATIONS 2017

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In exercise of the powers conferred by section 43C of the Income Tax Act, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Income Tax (Exemption and Concessionary Tax Rate for Income from General Business) Regulations 2017 and are deemed to have come into operation on 1 June 2017.

Definitions

2.—(1) In these Regulations —

“approved captive insurer” means a captive insurer approved under regulation 5;

“approved insurer” means an insurer approved under regulation 4;

“approved marine hull and liability insurer” means an insurer approved under regulation 6;

“approved specialised insurer” means an insurer approved under regulation 7;

“capital allowances” means the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act;

“captive general business” means the general business of an approved captive insurer which consists of risks of its related companies, including third-party risks underwritten in the course of and incidental to that business;

“catastrophe excess of loss policy” means an insurance policy where the insurer is liable for any amount above an amount stated in the policy in respect of any loss arising from a natural catastrophe;

“deposit” has the same meaning as in section 4B(4) of the Banking Act 1970;

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“direct stand-alone policy” means a direct insurance policy that a person purchases to cover one or more of the following risks (and not any other risk):

- (a) fire risk;
- (b) motor risk;
- (c) work injury compensation risk;
- (d) personal accident risk;
- (e) health risk;

“dividends” means dividends paid by a company, other than those exempt from tax under section 13(1)(za), (8) or (12) of the Act;

“general business” has the same meaning as in section 3(1)(b) of the Insurance Act 1966;

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“life business” has the same meaning as in section 3(1)(a) of the Insurance Act 1966;

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“marine hull and liability insurance and reinsurance business” has the same meaning as in section 43C(3) of the Act;

“offshore captive general business” means captive general business concerned with offshore risks;

“offshore general business” means general business concerned with offshore risks;

“offshore marine hull and liability insurance and reinsurance business” means marine hull and liability insurance and reinsurance business concerned with offshore risks;

“offshore risk” has the same meaning as in section 26(12) of the Act;

“offshore specialised insurance business” means specialised insurance business concerned with offshore risks;

“offshore specialised insurance risk” means a specialised insurance risk that is an offshore risk;

“prescribed asset or project” means an infrastructure asset or project mentioned in regulation 5 of the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (G.N. No. S 315/2008);

“qualifying interest” means —

(a) any interest derived from a deposit held in a bank;

(b) any interest derived from a certificate of deposit issued by a bank; or

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- (c) any interest derived from debt securities, other than interest that is exempt from tax under section 13(1)(b)(i) or (bc)(i) of the Act, or an amount that is exempt from tax under section 13(1)(bd) of the Act;

“qualifying investment” means —

- (a) any stock or share of a company;
- (b) securities (other than stocks and shares), bonds, notes, certificates of deposits or treasury bills that are issued by a government, bank or company;
- (c) any futures contract traded on a future exchange; or
- (d) any investment in a prescribed asset or project;

“qualifying return in lieu of interest” means any return in lieu of interest from investing in products endorsed by any Shariah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shariah law;

“related company”, in relation to an approved captive insurer, means a company that is deemed to be related to the insurer under section 6 of the Companies Act 1967;

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“specialised insurance business” means the business of insuring and reinsuring specialised insurance risks;

“specialised insurance risk” means any of the following risks:

- (a) any terrorism risk;
- (b) any political risk;
- (c) any energy risk;
- (d) any aviation and aerospace risk;
- (e) any agriculture risk;
- (f) any risk arising from a natural catastrophe;

“specified captive business” means the business of an approved captive insurer underwriting either or both of the following:

- (a) policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, its captive general business;
- (b) direct stand-alone policies;

“specified general business” means the business of an approved insurer underwriting direct stand-alone policies.

(2) In these Regulations, a reference to insuring or reinsuring a specialised insurance risk that is a risk arising from a natural catastrophe is a reference to reinsuring such risk by means of a catastrophe excess of loss policy.

Application

3. These Regulations apply to —

- (a) an approved insurer that is approved as such on or after 1 June 2017;
- (b) an approved captive insurer that is approved as such on or after 1 June 2017;
- (c) an approved marine hull and liability insurer that is approved as such on or after 1 June 2017; and
- (d) an approved specialised insurer that is approved as such on or after 1 June 2017.

Approval of insurer

4.—(1) During the period from 1 June 2017 to 31 December 2025 (both dates inclusive), the Minister or an authorised body may, upon application by any insurer licensed under the Insurance Act 1966 to carry on general business (whether or not the insurer is also licensed under that Act to carry on life business), and if the Minister or the authorised body (as the case may be) considers it expedient in the public interest to do so, approve the insurer as an approved insurer.

[S 701/2020 wef 01/04/2020]

[S 942/2022 wef 31/12/2021]

- (2) An approval under paragraph (1) is for a period of —
- (a) 10 years if the approval is granted before 1 April 2020; or
 - (b) 5 years if the approval is granted on or after 1 April 2020.

[S 701/2020 wef 01/04/2020]

Approval of captive insurer

5.—(1) During the period from 1 June 2017 to 31 December 2025 (both dates inclusive), the Minister or an authorised body may, upon application by any captive insurer (whether or not the insurer is licensed under the Insurance Act 1966 to carry on life business), and if the Minister or the authorised body (as the case may be) considers it expedient in the public interest to do so, approve the insurer as an approved captive insurer.

[S 701/2020 wef 01/04/2020]

[S 942/2022 wef 31/12/2021]

- (2) Any approval under paragraph (1) is for a period of —
- (a) 10 years if the approval is granted before 1 April 2018; or
 - (b) 5 years if the approval is granted on or after 1 April 2018.

(3) No approval may be given under paragraph (1) unless, at the time of such approval, all the functions in the following sub-paragraphs are undertaken by the captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

- (a) either or both of the following:
 - (i) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act 1966;
 - (ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act 1970 or the Financial Services and Markets Act 2022;

[S 942/2022 wef 31/12/2021]

[S 942/2022 wef 31/12/2021]

[S 217/2023 wef 28/04/2023]

(b) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act 1967;

[S 942/2022 wef 31/12/2021]

(c) the day-to-day management of the captive insurer's business.

Approval of marine hull and liability insurer

6. During the period from 1 June 2017 to 31 March 2020 (both dates inclusive), the Minister or such person as the Minister may appoint may, upon application by any insurer carrying on marine hull and liability insurance and reinsurance business (whether or not the insurer is licensed under the Insurance Act 1966 to carry on life business), and if the Minister or the person (as the case may be) considers it expedient in the public interest to do so, approve the insurer as an approved marine hull and liability insurer for a period of 5 years.

[S 942/2022 wef 31/12/2021]

Approval of specialised insurer

7. During the period from 1 June 2017 to 31 August 2021 (both dates inclusive), the Minister or such person as the Minister may appoint may, upon application by any insurer carrying on specialised insurance business (whether or not the insurer is licensed under the Insurance Act 1966 to carry on life business), and if the Minister or the person (as the case may be) considers it expedient in the public interest to do so, approve the insurer as an approved specialised insurer for a period of 5 years.

[S 942/2022 wef 31/12/2021]

Concessionary rate of tax for approved insurer

8.—(1) Subject to this regulation, tax is payable at the rate of 10% on the income mentioned in paragraph (2) derived by an approved insurer in a basis period for any year of assessment.

(2) For the purposes of paragraph (1), the income is —

- (a) underwriting income derived from the insurer's general business in Singapore (excluding specified general business);
- (b) the part of A that is ascertained by the formula $\frac{P_{ogx}}{P_{og}} \times A$;
- (c) the part of B that is ascertained by the formula $\frac{P_{igx}}{P_{ig}} \times B$;
and
- (d) the part of C that is ascertained by the formula $\frac{P_{igx} + P_{ogx}}{P_{ig} + P_{og}} \times C$.

(3) In paragraph (2) —

“A” is the total amount of the following income of the approved insurer (excluding excluded income) derived in the basis period:

(a) dividends and qualifying interest derived from the investment of its insurance fund established and maintained under the Insurance Act 1966 for its offshore general business in Singapore;

[S 942/2022 wef 31/12/2021]

(b) gains or profits from the sale of qualifying investments acquired using such insurance fund,

less any expenses incurred in the production of such income for which a deduction is allowed under the Act;

“B” is the total amount of the following income of the approved insurer (excluding excluded income) derived in the basis period:

(a) dividends and qualifying interest derived from the investment of its insurance fund established and maintained under the Insurance Act 1966 for its general business in Singapore (other than offshore general business);

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(b) gains or profits from the sale of qualifying investments acquired using such insurance fund,

less any expenses incurred in the production of such income for which a deduction is allowed under the Act;

“C” is the total amount of the following income of the approved insurer (excluding excluded income) derived in the basis period:

(a) dividends and qualifying interest derived from the investment of its shareholders’ fund established in Singapore and used to support its general business in Singapore;

(b) gains or profits from the sale of qualifying investments acquired using such shareholders' fund,

less any expenses incurred in the production of such income for which a deduction is allowed under the Act;

“P_{ig}” is the total amount of the gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its general business in Singapore (other than offshore general business);

“P_{igx}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its general business in Singapore (other than offshore general business), excluding direct stand-alone policies;

“P_{og}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its offshore general business in Singapore;

“P_{ogx}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its offshore general business in Singapore, excluding direct stand-alone policies;

“excluded income” means any income derived in the basis period from any investment in, or the sale of, any stock, share or other securities of a company that —

(a) is in the business of trading or holding —

(i) prescribed assets or projects, and other immovable property; or

(ii) immovable properties other than prescribed assets or projects;

(b) is not in the business of property development; and

(c) is not listed on a stock exchange in Singapore or elsewhere.

(4) Where the approved insurer is also an approved captive insurer, the reference to gross premiums in the definitions of “P_{igx}” and “P_{ogx}” in paragraph (3) excludes the gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its captive general business in Singapore.

(5) Where the approved insurer is also an approved marine hull and liability insurer, the reference to gross premiums in the definitions of “P_{igx}” and “P_{ogx}” in paragraph (3) excludes the gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its marine hull and liability insurance and reinsurance business in Singapore.

(6) Where the approved insurer is also an approved specialised insurer, the reference to gross premiums in the definitions of “P_{igx}” and “P_{ogx}” in paragraph (3) excludes the gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved insurer in the course of carrying on its specialised insurance business in Singapore.

(7) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the insurance fund mentioned in the definition of “A” or “B” in paragraph (3) is not required to support the offshore general business in Singapore or the general business in Singapore (other than the offshore general business) of the approved insurer (as the case may be), the Comptroller may adopt such reduced amount of “A” in paragraph (2)(b) or “B” in paragraph (2)(c) as appears to the Comptroller to be reasonable in the circumstances.

(8) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the shareholders’ fund mentioned in the definition of “C” in paragraph (3) is not required to support the general business in Singapore of the approved insurer, the Comptroller may adopt such reduced amount of “C” in paragraph (2)(d) as appears to the Comptroller to be reasonable in the circumstances.

(9) A reference in this regulation to interest includes a reference to qualifying return in lieu of interest.

Concessionary rate of tax for approved marine hull and liability insurer

9.—(1) Tax is payable at the rate of 10% on income specified in paragraph (2) derived by an approved marine hull and liability insurer in a basis period for any year of assessment.

(2) For the purposes of paragraph (1), the income is —

(a) underwriting income derived from the insurer's marine hull and liability insurance and reinsurance business in Singapore;

(b) the part of A that is ascertained by the formula $\frac{P_{om}}{P_{og}} \times A$;

(c) the part of B that is ascertained by the formula $\frac{P_{im}}{P_{ig}} \times B$; and

(d) the part of C that is ascertained by the formula $\frac{P_{im} + P_{om}}{P_{ig} + P_{og}} \times C$.

(3) In paragraph (2) —

“A”, “B”, “C”, “P_{ig}” and “P_{og}” have the same meanings as in regulation 8(3), with each reference to approved insurer substituted with the reference to approved marine hull and liability insurer;

“P_{im}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved marine hull and liability insurer in the course of carrying on its marine hull and liability insurance and reinsurance business in Singapore (other than offshore marine hull and liability insurance and reinsurance business);

“P_{om}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved marine hull and liability insurer in the course of carrying on its offshore marine hull and liability insurance and reinsurance business in Singapore.

(4) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the insurance fund mentioned in the definition of “A” or “B” in regulation 8(3) (as applied by paragraph (3)) is not required to support the offshore marine hull and liability insurance and reinsurance business in Singapore or marine hull and liability insurance and reinsurance business in Singapore (other than offshore marine hull and liability insurance and reinsurance business) of the approved marine hull and liability insurer (as the case may be), the Comptroller may adopt such reduced amount of “A” in paragraph (2)(b) or “B” in paragraph (2)(c) as appears to the Comptroller to be reasonable in the circumstances.

(5) For the purposes of paragraph (2), where the Comptroller is satisfied that any part of the shareholders’ fund mentioned in the definition of “C” in regulation 8(3) (as applied by paragraph (3)) is not required to support the marine hull and liability insurance and reinsurance business in Singapore of the approved marine hull and liability insurer, the Comptroller may adopt such reduced amount of “C” in paragraph (2)(d) as appears to the Comptroller to be reasonable in the circumstances.

Concessionary rates of tax for approved specialised insurer

10.—(1) Tax is payable at the rate of 5% on the income specified in paragraph (4) derived by an approved specialised insurer in a basis period for any year of assessment, if the insurer’s approval is granted between 1 June 2017 and 31 August 2019 (both dates inclusive), and the insurer had not been approved as such at any time before the date of the approval.

(2) Tax is payable at the rate of 8% on the income specified in paragraph (4) derived by an approved specialised insurer in a basis period for any year of assessment, if the insurer’s approval is granted on or after 1 September 2019, and the insurer had not been approved as such at any time before the date of the approval.

(3) Tax is payable at the rate of 10% on the income specified in paragraph (4) derived by an approved specialised insurer in a basis period for any year of assessment, if the insurer’s approval is granted on or after 1 June 2017, and the insurer had been approved as such at any time before the date of the firstmentioned approval.

(4) For the purposes of paragraphs (1), (2) and (3), the income is —

(a) underwriting income derived by the approved specialised insurer from its specialised insurance business in Singapore;

(b) the part of A that is ascertained by the formula $\frac{P_{os}}{P_{og}} \times A$;

(c) the part of B that is ascertained by the formula $\frac{P_{is}}{P_{ig}} \times B$; and

(d) the part of C that is ascertained by the formula $\frac{P_{is} + P_{os}}{P_{ig} + P_{og}} \times C$.

(5) In paragraph (4) —

“A”, “B”, “C”, “P_{ig}” and “P_{og}” have the same meanings as in regulation 8(3), with each reference to approved insurer substituted with the reference to approved specialised insurer;

“P_{is}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved specialised insurer in the course of carrying on its specialised insurance business in Singapore (other than offshore specialised insurance business);

“P_{os}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved specialised insurer in the course of carrying on its offshore specialised insurance business in Singapore.

(6) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the insurance fund mentioned in the definition of “A” or “B” in regulation 8(3) (as applied by paragraph (5)) is not required to support the offshore specialised insurance business in Singapore or specialised insurance business in Singapore (other than offshore specialised insurance business) of the approved specialised insurer (as the case may be), the Comptroller may adopt such reduced amount of “A” in paragraph (4)(b) or “B” in paragraph (4)(c) as appears to the Comptroller to be reasonable in the circumstances.

(7) For the purposes of paragraph (4), where the Comptroller is satisfied that any part of the shareholders' fund mentioned in the definition of "C" in regulation 8(3) (as applied by paragraph (5)) is not required to support the specialised insurance business in Singapore of the approved specialised insurer, the Comptroller may adopt such reduced amount of "C" in paragraph (4)(d) as appears to the Comptroller to be reasonable in the circumstances.

(8) For the purposes of the definitions of "P_{is}" and "P_{os}", a policy for a risk arising from a natural catastrophe underwritten by an approved specialised insurer is regarded as a policy underwritten by the insurer in the course of carrying on its offshore specialised insurance business or specialised insurance business (other than offshore specialised insurance business) (as the case may be), if and only if it is a catastrophe excess of loss policy.

Concessionary rate of tax and exemption for approved captive insurer

11.—(1) Subject to the condition in paragraph (5), the income mentioned in paragraph (3) derived by an approved captive insurer in a basis period for any year of assessment is exempt from tax, if its approval is granted on or after 1 June 2017 but before 1 April 2018.

(2) Subject to the condition in paragraph (5), tax is payable at the rate of 10% on the income mentioned in paragraph (3) derived by an approved captive insurer in a basis period for any year of assessment, if its approval is granted on or after 1 April 2018.

(3) For the purposes of paragraph (1), the income is —

- (a) underwriting income derived from the insurer's captive general business in Singapore (excluding specified captive business);
- (b) the part of A that is ascertained by the formula $\frac{P_{ocx}}{P_{og}} \times A$;
- (c) the part of B that is ascertained by the formula $\frac{P_{icx}}{P_{ig}} \times B$;
and
- (d) the part of C that is ascertained by the formula $\frac{P_{icx} + P_{ocx}}{P_{ig} + P_{og}} \times C$.

(4) In paragraph (3) —

“A”, “B”, “C”, “P_{ig}” and “P_{og}” have the same meanings as in regulation 8(3), with each reference to approved insurer substituted with the reference to approved captive insurer;

“P_{icx}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved captive insurer in the course of carrying on its captive general business in Singapore (other than offshore captive general business), excluding the amount of gross premiums received or receivable by the insurer in that basis period in respect of —

- (a) all policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, that business; and
- (b) all direct stand-alone policies underwritten by the insurer in the course of that business;

“P_{ocx}” is the total amount of gross premiums received or receivable in the basis period in respect of all policies underwritten by the approved captive insurer in the course of carrying on its offshore captive general business in Singapore, excluding the amount of gross premiums received or receivable by the insurer in that basis period in respect of —

- (a) all policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, that business; and
- (b) all direct stand-alone policies underwritten by the insurer in the course of that business.

(5) For the purposes of paragraphs (1) and (2), the condition is that at all times in the basis period in which the income is derived, all the functions in the following sub-paragraphs are undertaken by the approved captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

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- (a) either or both of the following:
- (i) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act 1966;
[S 942/2022 wef 31/12/2021]
 - (ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act 1970 or the Financial Services and Markets Act 2022;
[S 942/2022 wef 31/12/2021]
[S 217/2023 wef 28/04/2023]
- (b) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act 1967;
[S 942/2022 wef 31/12/2021]
- (c) the day-to-day management of the approved captive insurer's business.

(6) For the purposes of paragraph (3), where the Comptroller is satisfied that any part of the insurance fund mentioned in the definition of "A" or "B" in regulation 8(3) (as applied by paragraph (4)) is not required to support the offshore captive general business in Singapore or the captive general business in Singapore (other than offshore captive general business) of the approved captive insurer (as the case may be), the Comptroller may adopt such reduced amount of "A" in paragraph (3)(b) or "B" in paragraph (3)(c) as appears to the Comptroller to be reasonable in the circumstances.

(7) For the purposes of paragraph (3), where the Comptroller is satisfied that any part of the shareholders' fund mentioned in the definition of "C" in regulation 8(3) (as applied by paragraph (4)) is not required to support the captive general business in Singapore of the approved captive insurer, the Comptroller may adopt such reduced amount of "C" in paragraph (3)(d) as appears to the Comptroller to be reasonable in the circumstances.

Apportionment of expenses, allowances and donations

12.—(1) For the purpose of determining the income mentioned in regulation 8(2), all of the following for which a deduction is allowable to an approved insurer under the Act, are to be apportioned between the general business in Singapore (excluding specified general business) of the insurer and the specified general business of the insurer:

- (a) any item of expenditure not directly attributable to the general business in Singapore (excluding specified general business) of the insurer;
- (b) capital allowances;
- (c) donations.

(2) For the purpose of paragraph (1), the portion of expenditure, capital allowances and donations to be apportioned to the general business in Singapore (excluding specified general business) of the approved insurer is that ascertained using the fraction $\frac{P_{igx} + P_{ogx}}{P_{ig} + P_{og}}$, where “ P_{ig} ”, “ P_{igx} ”, “ P_{og} ” and “ P_{ogx} ” have the same meanings as in regulation 8(3).

(3) For the purpose of determining the income mentioned in regulation 9(2), all of the following for which a deduction is allowable to an approved marine hull and liability insurer under the Act, are to be apportioned between the marine hull and liability insurance and reinsurance business in Singapore of the insurer and the other general businesses in Singapore of the insurer:

- (a) any item of expenditure not directly attributable to the marine hull and liability insurance and reinsurance business in Singapore of the insurer;
- (b) capital allowances;
- (c) donations.

(4) For the purpose of paragraph (3), the portion of expenditure, capital allowances and donations to be apportioned to the marine hull and liability insurance and reinsurance business in Singapore of the approved marine hull and liability insurer is that ascertained using the fraction $\frac{P_{im} + P_{om}}{P_{ig} + P_{og}}$, where —

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- (a) “P_{ig}” and “P_{og}” have the same meanings as in regulation 8(3), with each reference to approved insurer substituted with the reference to approved marine hull and liability insurer; and
- (b) “P_{im}” and “P_{om}” have the same meanings as in regulation 9(3).

(5) For the purpose of determining the income mentioned in regulation 10(4), all of the following for which a deduction is allowable to an approved specialised insurer under the Act, are to be apportioned between the specialised insurance business in Singapore of the insurer and the other general businesses in Singapore of the insurer:

- (a) any item of expenditure not directly attributable to the specialised insurance business in Singapore of the insurer;
- (b) capital allowances;
- (c) donations.

(6) For the purpose of paragraph (5), the portion of expenditure, capital allowances and donations to be apportioned to the specialised insurance business in Singapore of the approved specialised insurer is that ascertained using the fraction $\frac{P_{is} + P_{os}}{P_{ig} + P_{og}}$, where —

- (a) “P_{ig}” and “P_{og}” have the same meanings as in regulation 8(3), with each reference to approved insurer substituted with the reference to approved specialised insurer; and
- (b) “P_{is}” and “P_{os}” have the same meanings as in regulation 10(5).

(7) For the purpose of determining the income mentioned in regulation 11(3), all of the following for which a deduction is allowable to an approved captive insurer under the Act, are to be apportioned between the captive general business in Singapore (excluding specified captive business) of the insurer and the other general businesses in Singapore of the insurer:

- (a) any item of expenditure not directly attributable to the captive general business in Singapore (excluding specified captive business) of the insurer;
- (b) capital allowances;
- (c) donations.

(8) For the purpose of paragraph (7), the portion of expenditure, capital allowances and donations to be apportioned to the captive general business in Singapore (excluding specified captive business) of the approved captive insurer is that ascertained using the fraction $\frac{P_{icx} + P_{ocx}}{P_{ig} + P_{og}}$, where —

- (a) “ P_{ig} ” and “ P_{og} ” have the same meanings as in regulation 8(3), with each reference to approved insurer substituted with the reference to approved captive insurer; and
- (b) “ P_{icx} ” and “ P_{ocx} ” have the same meanings as in regulation 11(4).

(9) The Comptroller may apply any alternative method of apportionment in place of any of the prescribed fractions in paragraph (2), (4), (6) or (8) if the Comptroller is satisfied that the alternative method is reasonable in the circumstances of the business of the insurer mentioned in that paragraph.

Determination of exempt income of approved captive insurer

13.—(1) In determining the amount of exempt income of an approved captive insurer under regulation 11(1) —

- (a) the Comptroller must have regard to such expenses and capital allowances for which a deduction is allowed under the Act as are, in the Comptroller’s opinion, to be deducted in ascertaining such income;
- (b) any capital allowances attributable to that income must be deducted from that income, even though no claim for those allowances has been made;
- (c) any balance of the allowances mentioned in sub-paragraph (b) and any losses incurred in respect of

the insurer's captive general business in Singapore (which, had they been profits, would have been exempt from tax under regulation 11(1)) may only be deducted against income to be exempt under regulation 11(1), and any balance of such allowances and losses must not be deducted against any other income;

- (d) any balance of the allowances and losses mentioned in sub-paragraph (c) remaining unabsorbed as at the date of the expiry or withdrawal of the approval of the insurer under regulation 5 is, subject to paragraph (2), available as a deduction against any other income of the insurer for the year of assessment which relates to the basis period in which that approval expires or is withdrawn and any subsequent year of assessment in accordance with section 23 or 37 of the Act, as the case may be.

(2) Section 37A of the Act applies to any amount of the allowances and losses available as a deduction against any other income as provided under paragraph (1)(d) as if they were unabsorbed allowances or losses in respect of the income of a company subject to tax at a lower rate of tax under that section, and for this purpose the lower rate of tax is 10%.

[S 942/2022 wef 31/12/2021]

Made on 26 October 2017.

TAN CHING YEE
*Permanent Secretary,
Ministry of Finance,
Singapore.*

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