
First published in the *Government Gazette*, Electronic Edition, on 5 August 2020 at 5 pm.

No. S 673

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX ON DIVIDENDS — AIRCRAFT LEASING COMPANY) ORDER 2020

ARRANGEMENT OF PARAGRAPHS

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In exercise of the powers conferred by section 13(12) of the Income Tax Act, the Minister for Finance makes the following Order:

Citation and commencement

1. This Order is the Income Tax (Concessionary Rate of Tax on Dividends — Aircraft Leasing Company) Order 2020 and is deemed to have come into operation on 5 February 2014.

Definitions

2. In this Order —

“approved aircraft leasing company” or “AALC” means an aircraft leasing company as defined in section 43N of the Act and approved under that section, and includes a partnership approved by the Minister or a person appointed by the

Minister under section 43N of the Act as applied by section 36(1A) of the Act;

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“approved company”, in relation to an AALC, means a company of which the AALC is a shareholder, that is approved under paragraph 3;

“equity interest”, in relation to a company, means an issued share of the company that is not a treasury share;

“leasing of aircraft or aircraft engine” means the leasing of any aircraft or aircraft engine other than under a finance lease that is treated as a sale under regulations made under section 10C(1) of the Act.

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Approval

3.—(1) The Minister or a person appointed by the Minister may approve a company of an AALC for the purposes of this Order.

(2) The Minister or appointed person may only approve a company if the Minister or appointed person is satisfied that all of the following conditions have been met:

- (a) the company is incorporated outside Singapore;
- (b) the company carries on, or intends to carry on, the business of leasing aircraft or aircraft engine outside Singapore;
- (c) the company intends to pay dividends derived from its income from its business of leasing aircraft or aircraft engine outside Singapore to the AALC and these payments will be used by the AALC for the AALC’s business of leasing aircraft or aircraft engine;
- (d) the AALC controls and manages the aircraft or aircraft engine that the company uses for its business of leasing aircraft or aircraft engine outside Singapore;
- (e) the AALC beneficially owns at least 25% of the equity interests of the company.

(3) If, after a company has been approved under sub-paragraph (2) —

- (a) the company ceases to be incorporated outside Singapore;
- (b) the company does not or ceases to carry on the business of leasing aircraft or aircraft engine outside Singapore;
- (c) the AALC does not or ceases to use the dividends that are paid to the AALC by the company out of the company's income from its business of leasing aircraft or aircraft engine outside Singapore, for the AALC's business of leasing aircraft or aircraft engine;
- (d) the AALC ceases to control or manage any aircraft or aircraft engine that the company uses for its business of leasing aircraft or aircraft engine outside Singapore; or
- (e) the AALC ceases to beneficially own at least 25% of the equity interests of the company,

then the AALC must inform the Minister or appointed person of the occurrence of the event, and the approved company ceases to be approved beginning on the date of the occurrence.

Concessionary tax rate for income relating to leasing aircraft and prescribed activities

4.—(1) Tax at the rate specified for any income of an AALC under section 43N(1) of the Act is levied and must be paid on the income (other than income that is exempt from tax under section 13(8) of the Act) described in sub-paragraph (2) of the AALC that is received in Singapore during the period of the AALC's approval under section 43N of the Act.

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(2) The income to which sub-paragraph (1) applies is dividends that are paid by an approved company to the AALC during the period of approval of the company, out of the approved company's income from —

- (a) the leasing of aircraft or aircraft engine from a place outside Singapore; or

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- (b) any activity prescribed in the Schedule to the Income Tax (Concessionary Rate of Tax for Aircraft Leasing Company) (Prescribed Activities) Regulations 2008 (G.N. No. S 566/2008) that is ancillary to the activity mentioned in sub-paragraph (a).

Revocation

5. The Income Tax (Concessionary Rate of Tax on Dividends — Aircraft Leasing Company) Order 2008 (G.N. No. S 567/2008) is revoked.

Made on 4 August 2020.

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

[R032.018.0014.Pt02.V14; AG/LEGIS/SL/134/2015/57 Vol. 1]