
First published in the *Government Gazette*, Electronic Edition, on 4th December 2013 at 5:00 pm.

No. S 731

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED QUALIFYING COMPANIES) REGULATIONS 2013

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation and commencement
 2. Definitions
 3. Approved qualifying company
 4. Concessionary rate of tax
 5. Determination of income chargeable to tax
The Schedule
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In exercise of the powers conferred by section 43P of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Qualifying Companies) Regulations 2013 and shall be deemed to have come into operation on 21st May 2010.

Definitions

2. In these Regulations, unless the context otherwise requires —
- “approved financial sector incentive (derivatives market) company” means any company approved under section 43Q of the Act as a —

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- (a) financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;
 - (b) financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company;
 - (c) financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company; or
 - (d) financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company;

“approved global trading company” means an approved global trading company referred to in section 43P of the Act;

“approved qualifying company” means an approved qualifying company referred to in section 43P of the Act;

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

“prescribed qualifying structured commodity financing activities” means any of the activities specified in the Schedule.

Approved qualifying company

3.—(1) The Minister or such person as he may appoint (referred to in these Regulations as the appointed person) may for the purposes of section 43P(1)(b) of the Act approve any qualifying company for such period not exceeding 5 years from such date and for such prescribed qualifying structured commodity financing activities as he or that person may specify in writing.

(2) The Minister or the appointed person may, in any particular case, extend the period of approval specified in paragraph (1) for such further periods, not exceeding 5 years at any one time, as he or that person thinks fit.

Concessionary rate of tax

4.—(1) Subject to paragraph (2), tax at the rate of 10% shall be levied and paid for each year of assessment upon the income received or receivable from any of the following by an approved qualifying company from the carrying on of any prescribed qualifying structured commodity financing activities as is specified by the Minister or the appointed person:

- (a) a person who is neither a resident in Singapore nor a permanent establishment in Singapore;
- (b) an approved global trading company;
- (c) an approved financial sector incentive (derivatives market) company;
- (d) a branch office outside Singapore of a company resident in Singapore;
- (e) a futures member of the Singapore Exchange which is a financial sector incentive company;
- (f) a member of the Singapore Commodity Exchange which is a financial sector incentive company;
- (g) a person who carries on the business of refining petroleum in Singapore;
- (h) an approved petrochemical manufacturing company;
- (i) a financial sector incentive company which is a —
 - (i) bank licensed under the Banking Act (Cap. 19); or
 - (ii) merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186).

(2) Tax at the rate of 5% shall be levied and paid for each year of assessment upon any income referred to in paragraph (1) of an approved qualifying company which satisfies all conditions which are imposed by the Minister or the appointed person.

Determination of income chargeable to tax

5. For the purposes of regulation 4, the Comptroller shall determine —

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- (a) the income chargeable to tax of an approved qualifying company having regard to such expenses, capital allowances and donations allowable under the Act as are, in his opinion, to be deducted in ascertaining such income; and
- (b) the manner and extent to which any losses arising from the activities specified in regulation 4 may be deducted under the Act in ascertaining the chargeable income of an approved qualifying company.

THE SCHEDULE

Regulation 2

PRESCRIBED QUALIFYING STRUCTURED COMMODITY FINANCING ACTIVITIES

1. The following activities which relate to structured commodity financing:

- (a) prepayment;
- (b) factoring;
- (c) forfaiting;
- [S 236/2017 wef 21/05/2010]*
- (d) countertrade;
- (e) warehouse receipt financing;
- (f) export receivable financing;
- (g) project finance;
- (h) Islamic trade finance which is —
- (i) endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law; and
 - (ii) structured in accordance with Murabaha, Musharaka, Istisna or Salam;
- (i) subject to paragraph 2, transacting in derivatives (for example, futures, options or swaps), to hedge against the risks relating to any of the activities referred to in sub-paragraphs (a) to (h);
- (j) advisory services in relation to any of the activities referred to in sub-paragraphs (a) to (h).

THE SCHEDULE — *continued*

2. For the purposes of qualifying as a prescribed qualifying structured commodity financing activity under paragraph 1(*i*), an approved qualifying company's transaction in derivatives must be carried out to hedge against its own risks relating to any of the activities referred to in paragraph 1(*a*) to (*h*).

3. For the avoidance of doubt, to qualify as a prescribed qualifying structured commodity financing activity under paragraph 1(*j*), an approved qualifying company is not required to perform any of the activities referred to in paragraph 1(*a*) to (*h*) relating to the advisory services it provides.

Made this 20th day of November 2013.

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

[MF(R) R32.018.0035 Vol. 44; AG/LLRD/SL/134/2010/37 Vol. 1]