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## No. S 735

### INCOME TAX ACT (CHAPTER 134)

#### INCOME TAX (CONCESSIONARY RATE OF TAX FOR FINANCIAL SECTOR INCENTIVE COMPANIES) REGULATIONS 2005

##### ARRANGEMENT OF REGULATIONS

##### Regulation

1. Citation and commencement
2. Definitions
- 2A. Application
3. Financial sector incentive company
4. 10% tax payable on qualifying income of financial sector incentive (standard tier) company derived before 1st January 2011
- 4A. 12% tax payable on qualifying income of financial sector incentive (standard tier) company derived on or after 1st January 2011
- 4B. 12% tax payable on qualifying income of financial sector incentive (trustee companies) company derived on or after 1 April 2016
5. 10% tax payable on qualifying income of financial sector incentive (headquarter services) company
6. 10% tax payable on qualifying income of financial sector incentive (fund management) company
7. Computation of income of financial sector incentive (standard tier) company derived before 1st January 2011 and of financial sector incentive (fund management) company from managing funds of certain foreign investors and approved companies
- 7A. Computation of income of financial sector incentive (standard tier) company derived on or after 1st January 2011 from managing funds of certain foreign investors and approved companies
8. 5% tax payable on qualifying income of financial sector incentive company
9. Determination of income chargeable with tax

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**Regulation**

- 9A. Deduction, etc., where activity subject to 2 concessionary tax rates
  - 10. Determination of qualifying base percentage
  - 11. Financial sector incentive company to maintain records
  - 12. Revocation and deeming of approvals
- The Schedules
- 

In exercise of the powers conferred by section 43Q 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 Financial Sector Incentive Companies) Regulations 2005 and shall be deemed to have come into operation on 1st January 2004.

**Definitions**

2.—(1) In these Regulations, unless the context otherwise requires —

“approved 1st tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by the master fund of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;

*[S 772/2017 wef 01/04/2015]*

“approved 2nd tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by an approved 1st tier SPV of the structure;

- (b) that is approved under section 13X of the Act; and  
 (c) to which the tax exemption under that section applies;

*[S 772/2017 wef 01/04/2015]*

“approved company” means an approved company to which the tax exemption under section 13R of the Act applies;

*[S 212/2016 wef 17/02/2006]*

“Approved Derivatives Trader” has the same meaning as in the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) in force immediately before 1st January 2004;

“approved enhanced commodity derivatives trading company” means a commodity derivatives trading company approved as such under section 43S of the Act;

*[S 835/2010 wef 27/02/2009]*

“approved feeder fund” means a company, trust fund or limited partnership —

- (a) that invests its funds substantially and directly through only one approved master fund; and  
 (b) that is approved under section 13X of the Act,

where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;

*[S 212/2016 wef 07/07/2010]*

“Approved Fund Manager” means a Fund Manager approved before 1st January 2004 under section 43A(1)(b) of the Act;

“approved global trading company” means a global trading company approved under section 43P of the Act;

*[S 835/2010 wef 27/02/2009]*

“Approved Headquarters Company” means a headquarters company approved under section 43E of the Act by the Monetary Authority of Singapore in its capacity as a person appointed by the Minister for the purposes of that section;

“approved master-feeder fund structure” means a master-feeder fund structure approved under section 13X of the Act;

*[S 212/2016 wef 07/07/2010]*

“approved master-feeder fund-SPV structure” means a master-feeder fund-SPV structure approved under section 13X of the Act;

*[S 772/2017 wef 01/04/2015]*

“approved master fund” means a company, trust fund or limited partnership —

(a) that enables investors to invest funds in one or more underlying investments that are managed by a fund manager; and

(b) that is approved under section 13X of the Act,

where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;

*[S 212/2016 wef 07/07/2010]*

“approved master fund-SPV structure” means a master fund-SPV structure approved under section 13X of the Act;

*[S 772/2017 wef 01/04/2015]*

“approved person” means an approved person to which the tax exemption under section 13X of the Act applies;

*[S 212/2016 wef 01/04/2009]*

“approved petrochemical manufacturing company” means a petrochemical manufacturing company in Singapore which is approved under paragraph (g) of the definition of “physical trading” in regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Global Trading Companies) Regulations 2003 (G.N. No. S 204/2003);

*[S 835/2010 wef 27/02/2009]*

“Approved Securities Company” means a company approved before 1st January 2004 for derivatives activities under section 43A(1)(c) of the Act;

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“approved standard commodity derivatives trading company” means a commodity derivatives trading company approved as such under section 43S of the Act;

*[S 835/2010 wef 27/02/2009]*

“approved start-up fund manager” has the same meaning as in —

- (a) the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);
- (b) the Income Tax (Exemption of Income of Trustee of Trust Fund Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 7/2010); or
- (c) the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010),

*[S 772/2017 wef 11/04/2016]*

as the case may be;

*[S 835/2010 wef 01/09/2007]*

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

*[S 835/2010 wef 27/02/2009]*

“corporate futures member” means a futures member of the Singapore Exchange whose membership is of a class or description known as “corporate membership”;

*[S 638/2011 wef 01/01/2011]*

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

“designated investments” and “designated person” have the same meanings as in the Income Tax (Exemption of Income of Prescribed Persons Arising From Funds Managed by Fund

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Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010);

*[S 772/2017 wef 11/04/2016]*

“designated securities” means —

- (a) stocks, shares, bonds and other securities, denominated in any foreign currency, issued by a company which is neither incorporated in Singapore nor resident in Singapore; or
- (b) bonds denominated in any foreign currency issued by any foreign government;

“eligible holding company” has the same meaning as in regulation 2 of the Income Tax (Exemption of Income of Foreign Trusts) Regulations (Rg 24);

*[S 772/2017 wef 01/04/2016]*

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

*[S 835/2010 wef 27/02/2009]*

“Equity Capital Market Intermediary” has the same meaning as in the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004;

“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;

“financial sector incentive (bond market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (capital market) company” means a company approved as such under section 43Q of the Act;

*[S 212/2016 wef 01/01/2014]*

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“financial sector incentive (credit facilities syndication) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (debt capital market) company” means a company approved as such under section 43Q of the Act;

*[S 54/2010 wef 01/04/2008]*

“financial sector incentive (derivatives market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company” means a company approved as such under section 43Q of the Act;

*[S 835/2010 wef 27/02/2009]*

“financial sector incentive (derivatives market) (financial) company” means a company approved as such under section 43Q of the Act;

*[S 835/2010 wef 27/02/2009]*

“financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company” means a company approved as such under section 43Q of the Act;

*[S 835/2010 wef 27/02/2009]*

“financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company” means a company approved as such under section 43Q of the Act;

*[S 835/2010 wef 27/02/2009]*

“financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company” means a company approved as such under section 43Q of the Act;

*[S 835/2010 wef 27/02/2009]*

“financial sector incentive (equity market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (fund management) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (headquarter services) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (Islamic finance) company” means a company approved as such under section 43Q of the Act;

*[S 54/2010 wef 01/04/2008]*

“financial sector incentive (project finance) company” means a company approved as such under section 43Q of the Act;

*[S 586/2008 wef 01/11/2006]*

“financial sector incentive (standard tier) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (trustee companies) company” means a company approved as such under section 43Q of the Act;

*[S 772/2017 wef 01/04/2016]*

“foreign account” has the same meaning as in section 13O of the Act;

*[S 772/2017 wef 01/04/2016]*

“foreign bond or loan stock issue” means any bond or loan stock issued by a person who (excluding any permanent establishment it may have in Singapore) is not resident in Singapore, or by a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment, where —

- (a) the bond or loan stock is denominated in any currency other than the Singapore dollar;
- (b) the proceeds of the bond or loan stock issue are to be used outside Singapore; and
- (c) the expenses incurred in respect of the bond or loan stock issue are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore;



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“foreign business trust” means a business trust that is registered, licensed or approved outside Singapore, or exempted from such registration, licensing or approval, under any written law administered by the agency tasked with the regulation of such a business trust;

*[S 638/2011 wef 01/01/2011]*

“foreign collective investment scheme” means a collective investment scheme that —

- (a) is constituted outside Singapore (excluding any permanent establishment it may have in Singapore);
- (b) is not resident in Singapore (other than by virtue of a trustee in Singapore in its capacity as a trustee of that collective investment scheme); and

*[S 212/2016 wef 01/01/2014]*

- (c) has its units denominated in any currency other than the Singapore dollar;

*[S 212/2016 wef 01/01/2014]*

- (d) *[Deleted by S 212/2016 wef 01/01/2014]*

*[S 638/2011 wef 01/01/2011]*

“foreign debt securities” means any bonds, notes, commercial papers, treasury bills or certificates of deposits which are —

- (a) issued by a company which is neither incorporated in Singapore nor resident in Singapore (excluding any permanent establishment it may have in Singapore), or by any foreign government; or
- (b) listed on the Singapore Exchange, and issued by a company which —
  - (i) is incorporated in Singapore;
  - (ii) has at least 50% of its annual turnover derived from outside Singapore; and
  - (iii) is approved, for the purpose of these Regulations, by the Minister or such person as he may appoint;

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“foreign equity securities” means stocks, shares or other equity securities which are —

- (a) issued by a company which is neither incorporated in Singapore nor resident in Singapore; or
- (b) listed on the Singapore Exchange, and issued by a company which —
  - (i) is incorporated in Singapore;
  - (ii) has at least 50% of its annual turnover derived from outside Singapore; and
  - (iii) is approved, for the purpose of these Regulations, by the Minister or such person as he may appoint;

“foreign investor” means —

- (a) an individual who is neither a citizen of Singapore nor resident in Singapore and who is the beneficial owner of funds managed by any fund manager in Singapore;
- (b) a company not resident in Singapore —
  - (i) which is incorporated before 15th February 2007 and where the percentage, determined in accordance with the formula specified in paragraph (1A), of the total number of the issued shares of the company that are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore, does not exceed 20%; or  
*[S 638/2011 wef 29/11/2011]*
  - (ii) which is incorporated on or after 15th February 2007 and where the percentage, determined in accordance with the formula specified in paragraph (1A), of the total value of the issued securities of the company that are beneficially owned, directly or indirectly, by

persons who are citizens of Singapore or resident in Singapore, does not exceed 20%; or  
*[S 638/2011 wef 29/11/2011]*

- (c) a trust fund where the percentage, determined in accordance with the formula specified in paragraph (1A), of the value of the fund that is beneficially held, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, does not exceed 20%,

but excludes —

- (i) any company or trust fund that —
- (A) has a permanent establishment in Singapore (other than a fund manager);
  - (B) carries on a business in Singapore; or
  - (C) beneficially owns more than 20% of the total number of the issued shares of any company incorporated in Singapore; and
- (ii) any company —
- (A) which is incorporated before 15th February 2007 and of which 20% or more of the total number of the issued shares are beneficially owned, directly or indirectly, by a company referred to in paragraph (i); or
  - (B) which is incorporated on or after 15th February 2007 and of which 20% or more of the total value of the issued securities are beneficially owned, directly or indirectly, by a company referred to in paragraph (i),

*[S 586/2008 wef 15/02/2007]*

unless approval is granted by the Minister or approving authority;

*[S 638/2011 wef 29/11/2011]*

“foreign mutual fund corporation” means a mutual fund corporation where the percentage, determined in

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accordance with the formula specified in paragraph (1A), of the total number of the issued shares of the corporation that are beneficially owned, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of the definition of “foreign investor”, does not exceed 20%;

*[S 638/2011 wef 29/11/2011]*

“foreign trust” has the meaning given to it in regulation 2A of the Income Tax (Exemption of Income of Foreign Trusts) Regulations (Rg 24);

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

*[S 835/2010 wef 27/02/2009]*

“futures member of the Singapore Exchange” has the same meaning as in section 43D(4) of the Act;

“incidental physical trading” means —

- (a) trading by a financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company —
  - (i) in any commodity with any specified person on a spot or forward basis; and
  - (ii) in connection with and incidental to the trading by that company in any commodity derivatives transacted over-the-counter with that or any other specified person;
- (b) trading by a financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company —
  - (i) in any commodity with any specified person on a spot or forward basis; and
  - (ii) in connection with and incidental to the trading by that company in any commodity derivatives

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transacted on an exchange with that or any other specified person;

(c) trading by a financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company —

(i) in any commodity with any specified person on a spot or forward basis; and

(ii) in connection with and incidental to the trading by that company in any commodity derivatives, whether transacted over-the-counter or on an exchange, with that or any other specified person;

*[S 212/2016 wef 01/01/2014]*

(d) trading by a financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company —

(i) in any commodity with any specified person on a spot or forward basis; and

(ii) in connection with and incidental to the trading by that company in any commodity derivatives, whether transacted over-the-counter or on an exchange, with that or any other specified person; or

*[S 212/2016 wef 01/01/2014]*

(e) trading by a financial sector incentive (derivatives market) company —

(i) in any commodity with any specified person on a spot or forward basis; and

(ii) in connection with and incidental to the trading by that company in any commodity derivatives, whether transacted over-the-counter or on an exchange, with that or any other specified person,

*[S 212/2016 wef 01/01/2014]*

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where the intention of the parties at the time of the transaction in relation to the commodity is that actual delivery of the commodity is required (whether or not the delivery is actually made), but does not include any transaction in which —

- (A) the commodity is purchased for the purpose of consumption in Singapore;
- (B) the commodity, being fuel, is purchased for the supply of the same to an aircraft or a vessel within Singapore; or
- (C) the commodity, being petroleum or a petroleum product, is both purchased from and sold to an approved petrochemical manufacturing company;

*[S 835/2010 wef 27/02/2009]*

“initial public offering” means a public offering of securities of a company, the stocks or shares of which have not previously been listed on the Singapore Exchange, in conjunction with the listing of those securities on the Singapore Exchange, and includes a listing of securities of such a company on the Singapore Exchange by way of an introduction;

“issued securities” means —

- (a) issued debentures, stocks or shares;
- (b) any right, option or derivative in respect of any such debentures, stocks or shares; or
- (c) 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 any such 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,

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and includes 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;

*[S 586/2008 wef 15/02/2007]*

“mutual fund corporation” means a collective investment scheme or closed-end fund, as defined in section 2 of the Securities and Futures Act (Cap. 289), that is constituted as a corporation;

“non-qualifying investor”, in relation to a prescribed person or an approved company as at the relevant day of its basis period for any year of assessment, means —

- (a) a relevant owner referred to in section 13CA or 13R of the Act, as the case may be;
- (b) a relevant beneficiary referred to in section 13CA of the Act; or
- (c) a person referred to in section 13CA(6) or 13R(5) of the Act that has equity interest in the prescribed person or approved company, as the case may be,

who is liable to pay a penalty as determined in accordance with section 13CA or 13R of the Act as the case may be, which is based on the income of the prescribed person or approved company for its basis period relating to the same year of assessment;

*[S 54/2010 wef 01/09/2007]*

*[S 772/2017 wef 29/05/2015]*

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“offshore credit facility” means —

(a) any facility where —

(i) loans, advances or funds are made available to a person referred to in paragraph (b)(i) of the definition of “specified person”;

(ii) the loans, advances or funds made available are to be used —

(A) wholly outside Singapore; or

(B) partly inside Singapore and partly outside Singapore if —

(BA) the agreement for the facility is made on or after 1st May 2009;

(BB) the part used in Singapore is for the sole purpose of discharging any professional fees incurred in respect of the facility or for the first payment of any interest incurred in respect of the facility; and

(BC) the part used in Singapore does not exceed 10% of the value of the facility;

*[S 835/2010 wef 01/05/2009]*

(iii) no interest, commission, fee or other payment in respect of the facility is borne, directly or indirectly, by any person resident in Singapore (except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore) or by any permanent establishment in Singapore;



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- (b) any facility where —
- (i) loans, advances or funds are made available to a person referred to in paragraph (b)(ii) of the definition of “specified person”;
  - (ii) the loans, advances or funds made available are to be used —
    - (A) wholly outside Singapore; or
    - (B) partly inside Singapore and partly outside Singapore if —
      - (BA) the agreement for the facility is made on or after 1st May 2009;
      - (BB) the part used in Singapore is for the sole purpose of discharging any professional fees incurred in respect of the facility or for the first payment of any interest incurred in respect of the facility; and
      - (BC) the part used in Singapore does not exceed 10% of the value of the facility;
  - (iii) no interest, commission, fee or other payment in respect of the facility is deductible against any income of that person accruing in or derived from Singapore;
- (c) any facility where —
- (i) guarantees or letters of credit are made available to, and issued in favour of, a non-resident person (other than his permanent establishment in Singapore) or a person resident in Singapore in respect of any business carried on outside Singapore through

*[S 835/2010 wef 01/05/2009]*

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a permanent establishment outside Singapore;  
and

- (ii) no interest, commission, fee or other payment in respect of the facility is borne, directly or indirectly, by any person resident in Singapore (except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore) or by any permanent establishment in Singapore;

(d) any facility where —

- (i) the issue of bonds, notes, certificates of deposit or other instruments of indebtedness is provided to a person referred to in paragraph (b)(i) of the definition of “specified person”;
- (ii) the funds raised from the issue of such bonds, notes, certificates of deposit or other instruments of indebtedness are to be used outside Singapore; and
- (iii) no interest, commission, fee or other payment in respect of the facility is borne, directly or indirectly, by any person resident in Singapore (except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore) or by any permanent establishment in Singapore; or

(e) any facility where —

- (i) the issue of bonds, notes, certificates of deposit or other instruments of indebtedness is provided to a person referred to in paragraph (b)(ii) of the definition of “specified person”;

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- (ii) the funds raised from the issue of such bonds, notes, certificates of deposit or other instruments of indebtedness are to be used outside Singapore; and
  - (iii) no interest, commission, fee or other payment in respect of the facility is deductible against any income of that person accruing in or derived from Singapore;

*[S 54/2010 wef 01/09/2007]*

“offshore guarantee facility” means any facility where —

- (a) guarantees or letters of credit are made available to and issued in favour of a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), for the purpose of providing or participating in a loan made to a non-resident person (other than his permanent establishment in Singapore);
- (b) the loan is to be used outside Singapore; and
- (c) no interest in respect of the loan is borne, directly or indirectly, by any person resident in Singapore (except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore) or by any permanent establishment in Singapore;

*[S 54/2010 wef 01/09/2007]*

“offshore trade transaction” means any trade transaction where —

- (a) neither the buyer nor the seller is a resident of Singapore or a permanent establishment in Singapore;
- (b) the goods are not exported from or imported into Singapore except for transshipment; and

(c) the transaction is carried out in one or more foreign currencies;

“philanthropic purpose trust” has the same meaning as in section 13O of the Act;

*[S 772/2017 wef 01/04/2016]*

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

*[S 586/2008 wef 01/11/2006]*

“prescribed person” means a person prescribed in regulation 2 of the Income Tax (Exemption of Income of Prescribed Persons Arising From Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010) to which tax exemption under section 13CA of the Act applies;

*[S 54/2010 wef 01/09/2007]*

*[S 772/2017 wef 11/04/2016]*

“prescribed trust fund” means a trust fund prescribed in the Income Tax (Exemption of Income of Trustee of Trust Fund Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 7/2010);

*[S 54/2010 wef 01/09/2007]*

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

“qualifying derivatives” means financial derivatives transacted over-the-counter;

“qualifying exchange” means a corporation which is an approved exchange, a recognised market operator or an exempt market operator under the Securities and Futures Act (Cap. 289);

*[S 835/2010 wef 27/02/2009]*

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

*[S 586/2008 wef 01/11/2006]*

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“qualifying project loan” means a loan which satisfies the following conditions:

- (a) the interest payment in respect of the loan is funded primarily by the cash flows from one or more prescribed assets or projects;
- (b) the proceeds from the loan are only used to acquire, develop or invest in any prescribed asset or project or to refinance a previous loan where the previous loan is only used to acquire, develop or invest in any prescribed asset or project;
- (c) the proceeds from the loan are used outside Singapore;
- (d) the loan is substantially advised on and structured by a financial sector incentive (project finance) company or a financial institution in Singapore where the employees of the financial institution who are based in Singapore have a leading and substantial role in advising on and structuring the loan;
- (e) the loan agreement takes effect any time on or after 1st November 2006 but not after 31st December 2008; and
- (f) no interest, commission, fee or other payment in respect of the loan is deductible under the Act against any income of any person accruing in or derived from Singapore;

*[S 586/2008 wef 01/11/2006]*

“related party”, in relation to any specified person, means any other person who —

- (a) controls the specified person, whether directly or indirectly;
- (b) is controlled by the specified person, whether directly or indirectly; or

- (c) together with the specified person, is controlled by a common person, whether directly or indirectly;

*[S 54/2010 wef 16/02/2008]*

“relevant day”, in relation to the basis period for a year of assessment, means —

- (a) in relation to a prescribed person —

(i) the last day of the basis period;

(ii) if on a day within that basis period, the prescribed person becomes an approved person under section 13X(1)(a) of the Act, the day immediately before that day; or

(iii) if on a day within that basis period, the prescribed person becomes the approved master fund or an approved feeder fund of —

(A) an approved master-feeder fund structure under section 13X(1)(b) of the Act;

(B) an approved master-feeder fund-SPV structure under section 13X(1)(c) of the Act; or

(C) an approved master fund-SPV structure under section 13X(1)(d) of the Act,

the day immediately before that day; or

- (b) in relation to an approved company —

(i) the last day of the basis period; or

(ii) if within that basis period, the approved company ceases to be so approved, the last day it was so approved;

*[S 772/2017 wef 29/05/2015]*

“relevant foreign trust” means a foreign trust as defined in regulation 2A of the Income Tax (Exemption of Income of Foreign Trusts) Regulations (Rg 24), other than a unit trust referred to in paragraph (1)(b) of that regulation;

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

*[S 260/2006 wef 18/02/2005]*

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

*[S 835/2010 wef 27/02/2009]*

“special purpose vehicle” has the same meaning as in section 13X(5) of the Act;

*[S 772/2017 wef 01/04/2015]*

“specified person” —

(a) in relation to any —

(i) financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;

(ii) financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company;

(iii) financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company;

*[S 212/2016 wef 01/01/2014]*

(iv) financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company; or

*[S 212/2016 wef 01/01/2014]*

(v) financial sector incentive (derivatives market) company,

*[S 212/2016 wef 01/01/2014]*

means any of the following:

(A) a financial sector incentive company which is —

(AA) a bank licensed under the Banking Act (Cap. 19); or

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- (AB) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
- (B) an approved global trading company;
- (C) a person who is neither a resident of nor a permanent establishment in Singapore;
- (D) a branch office outside Singapore of a company resident in Singapore;
- (E) a member of the Singapore Commodity Exchange;
- (F) a person who carries on the business of refining petroleum in Singapore;
- (G) an approved petrochemical manufacturing company;
- (H) a or another financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;
- (I) a or another financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company;
- (J) a or another financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company;
- (K) a or another financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company;
- [S 212/2016 wef 01/01/2014]*
- (L) a or another financial sector incentive (derivatives market) company; and
- [S 212/2016 wef 01/01/2014]*



- (b) in relation to any offshore credit facility, means —
- (i) a non-resident person (other than his permanent establishment in Singapore) or a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment; or
  - (ii) a person resident in Singapore (other than in respect of any business carried on outside Singapore by him through a permanent establishment outside Singapore) or a permanent establishment in Singapore of a non-resident person;

*[S 835/2010 wef 27/02/2009]*

“subsequent incentive period” means a further period referred to in regulation 3(5);

“unit” means a right or an 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, holding, management or disposal of securities or any other property.

(1A) For the purposes of the definitions of “foreign investor” and “foreign mutual fund corporation” in paragraph (1), the relevant percentage shall be determined in accordance with the formula

$$\frac{A - B}{C - B} \times 100\%$$

where A is (a) in the case of paragraph (b)(i) of the definition of “foreign investor”, the total number of the issued shares that are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore;

- (b) in the case of paragraph (b)(ii) of the definition of “foreign investor”, the total value of the issued securities that are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore;
- (c) in the case of paragraph (c) of the definition of “foreign investor”, the total value of the trust fund that is beneficially held, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of that definition; and
- (d) in the case of the definition of “foreign mutual fund corporation”, the total number of the issued shares that are beneficially owned, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of the definition of “foreign investor” in paragraph (1);

B is the total number of the issued shares, the total value of the issued securities, or the total value of the trust fund, as the case may be, beneficially owned or held, directly or indirectly, by designated persons; and

C is the total number of the issued shares, the total value of the issued securities or the total value of the trust fund, as the case may be.

*[S 638/2011 wef 29/11/2011]*

(2) Any reference in these Regulations to an approving authority is a reference to such person as the Minister may appoint for the purposes of the provision in which that reference appears.

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(3) Any reference in these Regulations to the value of issued securities of a company 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 for funding purpose, at the time of their buy-sell transaction.

*[S 586/2008 wef 15/02/2007]*

### **Application**

**2A.** These Regulations apply to every finance sector incentive company that is approved as such under regulation 3(1) or (5), the effective date of whose approval as such is before 1 June 2017, until the expiry of the period of the approval.

*[S 110/2019 wef 01/06/2017]*

*[S 772/2017 wef 01/06/2017]*

### **Financial sector incentive company**

**3.—(1)** For the purposes of section 43Q of the Act and these Regulations, a company is approved as a financial sector incentive company if it is approved by the Minister or approving authority as any of the following:

- (a) a financial sector incentive (bond market) company;
- (b) a financial sector incentive (credit facilities syndication) company;
- (c) a financial sector incentive (derivatives market) company;
- (d) a financial sector incentive (equity market) company;
- (e) a financial sector incentive (fund management) company;
- (f) a financial sector incentive (headquarter services) company;
- (g) a financial sector incentive (standard tier) company;
- (h) a financial sector incentive (project finance) company;

*[S 586/2008 wef 01/11/2006]*

*[S 54/2010 wef 01/04/2008]*

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- (i) a financial sector incentive (debt capital market) company;  
*[S 54/2010 wef 01/04/2008]*
- (j) a financial sector incentive (Islamic finance) company;  
*[S 54/2010 wef 01/04/2008]*  
*[S 835/2010 wef 27/02/2009]*
- (k) a financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;  
*[S 835/2010 wef 27/02/2009]*
- (l) a financial sector incentive (derivatives market) (*financial*) company;  
*[S 835/2010 wef 27/02/2009]*
- (m) a financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company;  
*[S 835/2010 wef 27/02/2009]*
- (n) a financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company;  
*[S 835/2010 wef 27/02/2009]*
- (o) a financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company;  
*[S 212/2016 wef 01/01/2014]*
- (p) a financial sector incentive (capital market) company;  
*[S 212/2016 wef 01/01/2014]*  
*[S 835/2010 wef 27/02/2009]*  
*[S 772/2017 wef 01/04/2016]*
- (q) a financial sector incentive (trustee companies) company.  
*[S 772/2017 wef 01/04/2016]*
- (2) A company shall not be approved as a financial sector incentive company if the company —
- (a) is not licensed or approved by the Monetary Authority of Singapore, or is exempted from such licensing or approval, under any Act; and
- (b) provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.

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(2AA) Despite paragraph (2) but subject to paragraph (6), a company may, on or after 1 January 2004, be approved as a financial sector incentive (fund management) company for the purposes of these Regulations if —

- (a) the company is exempted from holding a capital markets services licence for fund management under the Securities and Futures Act (Cap. 289); and
- (b) the company provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.

*[S 212/2016 wef 01/01/2004]*

(2A) Notwithstanding paragraph (2) but subject to paragraph (6), a company may, on or after 22nd January 2009, be approved as a financial sector incentive (headquarter services) company for the purposes of these Regulations if —

- (a) the company provides treasury, investment or financial services in Singapore for any of its offices or its associated companies; and
- (b) the company —
  - (i) directly or indirectly wholly owns, or is directly or indirectly wholly-owned by, another company in Singapore that is licensed or approved by the Monetary Authority of Singapore under any written law administered by the Monetary Authority of Singapore; or
  - (ii) directly or indirectly wholly owns, or is directly or indirectly wholly-owned by, another company outside Singapore that is licensed or approved under any written law administered by the financial supervisory authority of the other company.

*[S 835/2010 wef 22/01/2009]*

(3) Subject to paragraphs (4), (5A) and (5B), the Minister or approving authority may approve a company as a financial sector incentive company —

(a) for such period not exceeding 10 years as he may specify;  
and

(b) subject to such terms and conditions as he may impose.

*[S 772/2017 wef 01/04/2016]*

(4) Where the initial qualifying base percentage in respect of a company determined under regulation 10 is 0%, the period specified under paragraph (3) shall not exceed 5 years, unless otherwise permitted by the Minister, but in any case shall not exceed 10 years.

(5) Subject to paragraphs (5A), (5B) and (6), the Minister or approving authority may, at the end of any period specified in paragraph (3), (4) or this paragraph, as the case may be, approve the company as a financial sector incentive company —

(a) in the case of a financial sector incentive (headquarter services) company, for such further period not exceeding 10 years; and

(b) in any other case, for such further period not exceeding 5 years,

at any one time as he may specify, subject to such terms and conditions as he may impose.

*[S 54/2010 wef 01/04/2008]*

*[S 772/2017 wef 01/04/2016]*

(5A) No company shall be approved as a financial sector incentive (Islamic finance) company for any period exceeding 5 years.

*[S 54/2010 wef 01/04/2008]*

(5B) The period of approval of a company as a financial sector incentive (trustee companies) company is 5 years.

*[S 772/2017 wef 01/04/2016]*

(6) No company shall be approved as —

(a) any of the following on or after 1st January 2014:

(i) a financial sector incentive (bond market) company;

(ii) *[Deleted by S 212/2016 wef 01/01/2014]*

(iii) a financial sector incentive (debt capital market) company;

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- (iv) a financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;
  - (v) a financial sector incentive (derivatives market) (*financial*) company;
  - (vi) a financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company;
  - (vii) a financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company;
  - (viii) a financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company;
  - (ix) a financial sector incentive (equity market) company;
  - (x) [*Deleted by S 212/2016 wef 01/01/2014*]
  - (xi) [*Deleted by S 212/2016 wef 01/01/2014*]
  - (xii) [*Deleted by S 212/2016 wef 01/01/2014*]  
[S 835/2010 wef 27/02/2009]
  - (b) a financial sector incentive (project finance) company on or after 1st January 2012;
  - (c) a financial sector incentive (Islamic finance) company on or after 1st April 2013;  
[S 212/2016 wef 01/01/2014]
  - (d) a financial sector incentive (derivatives market) company between 27 February 2009 and 31 December 2013 (both dates inclusive) and on or after 1 June 2017; or  
[S 212/2016 wef 01/01/2014]  
[S 835/2010 wef 27/02/2009]  
[S 54/2010 wef 03/02/2010]  
[S 772/2017 wef 01/06/2017]
  - (e) any of the following on or after 1 June 2017:
    - (i) a financial sector incentive (capital market) company;

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- (ii) a financial sector incentive (credit facilities syndication) company;
  - (iii) a financial sector incentive (fund management) company;
  - (iv) a financial sector incentive (headquarters services) company;
  - (v) a financial sector incentive (standard tier) company;  
*[S 212/2016 wef 01/01/2014]*  
*[S 772/2017 wef 01/04/2016]*
  - (vi) a financial sector incentive (trustee companies) company.  
*[S 772/2017 wef 01/04/2016]*  
*[S 772/2017 wef 01/06/2017]*

**10% tax payable on qualifying income of financial sector incentive (standard tier) company derived before 1st January 2011**

4.—(1) Subject to this regulation and regulation 7, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company derived on or after 1st January 2004 but before 1st January 2011 from any of the following activities:

- (a) where the financial sector incentive (standard tier) company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186) —
  - (i) granting loans, other than by way of bonds or debentures, in any foreign currency, the repayment of which is not in Singapore currency;
  - (ii) trading in secondary loans in any foreign currency, the repayment of which is not in Singapore currency;
  - (iii) transactions in any foreign currency with any bank or branch office in respect of any of the following:
    - (A) placement of funds;



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- (B) bankers' acceptances on bills relating to trade transactions;
  - (C) bills relating to trade transactions;
  - (D) negotiable certificates of deposit;
  - (iv) opening, advising or confirming of letters of credit denominated in any foreign currency relating to trade transactions;
  - (v) financing or re-financing of trade transactions with or without letters of credit denominated in any foreign currency;
  - (vi) providing guarantees, performance bonds, standby letters of credit and services relating to remittances denominated in foreign currencies; and
  - (vii) providing services to any non-resident holder of a credit or charge card, in connection with the use of the card, where —
    - (A) the billing for the transactions for which the card is used is denominated in any foreign currency;
    - (B) the card is used outside Singapore for the purposes of making payments to a person outside Singapore who is neither resident in Singapore nor a permanent establishment in Singapore; and
    - (C) the payments for such services to the financial sector incentive (standard tier) company are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore;
- (b) trading in any debt securities;

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- (c) arranging, managing, underwriting, selling or investing in qualifying debt securities;
  - (d) arranging, managing, underwriting, selling, investing in or providing services (including services as a broker, nominee or custodian) in respect of foreign debt securities;
  - (e) granting loans of foreign debt securities under securities lending arrangements in writing;
  - (f) arranging, managing, underwriting, selling or providing other services (including services as a broker, nominee or custodian) in respect of foreign equity securities;
  - (g) granting loans of foreign equity securities under securities lending arrangements in writing;
  - (h) foreign exchange transactions;
  - (i) providing services as an intermediary in connection with transactions relating to derivatives;
  - (j) trading in derivatives;
  - (k) transactions in gold bullion, silver bullion or platinum bullion;
  - (l) managing the funds of a foreign investor for the purpose of any designated investment, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
  - (m) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

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- (n) providing advisory services relating to financial matters (other than investment advisory services in respect of fund management);
  - (o) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
  - (p) providing trustee or custodian services for or on behalf of any unit trust the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
  - (q) providing custodian services for or on behalf of any foreign mutual fund corporation, the funds of which are invested in designated investments, where the payments for the custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
  - (r) providing trustee services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
  - (s) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
  - (t) trading, on or after 27th February 2004, in secondary loans in any foreign currency, the repayment of which is not in Singapore currency.

*[S 638/2011 wef 01/01/2011]*

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(1A) Section 43N(2) of the Act and regulation 7 of the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations (Rg 32) shall apply, with the necessary modifications, to paragraph (1) in respect of the activity of investing in qualifying debt securities under sub-paragraph (c) of that paragraph.

*[S 260/2006 wef 11/05/2006]*

(1B) For the purposes of paragraph (1A) —

- (a) the reference in section 43N(2) of the Act to the application of section 43N (1)(a), (aa), (ab) or (ac) of the Act; and
- (b) a reference in regulation 7 of the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations to the application of the concessionary rate of tax referred to in regulation 3(aa), (ab), (ac) or (ad) of those Regulations,

shall each be read as a reference to the application of the rate of tax under paragraph (1).

*[S 260/2006 wef 11/05/2006]*

(2) For the purposes of determining the tax payable under paragraphs (1), (2A), (2B), (2C), (2D) , (2E), (2F) and (2G) —

- (a) any income which is derived from the granting of loans referred to in paragraphs (1)(g) and (2A)(a), and which comprises Singapore dividends from which tax is deducted or deductible under section 44 of the Act, shall be excluded;
- (aa) any income from the activities referred to in paragraph (2D) shall be excluded if derived on or after —
  - (i) 1st September 2007; or
  - (ii) where an option has been exercised under regulation 8 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), the date which the Income Tax (Exemption of Income of Approved Companies from Funds Managed by Fund

Manager) Regulations 2007 (G.N. No. S 628/2007)  
cease to apply; and

*[S 54/2010 wef 01/09/2007]*

- (b) the qualifying base shall be deducted from the income derived or loss incurred before 1st January 2011 from the activities specified in paragraphs (1), (2A), (2B), (2C), (2D), (2E), (2F) and (2G).

*[S 638/2011 wef 01/01/2011]*

(2A) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company, derived on or after 18th February 2005 but before 1st January 2009, from —

- (a) granting any loan of any debt and equity securities under a securities lending or repurchase arrangement, other than a loan of —
- (i) foreign debt securities;
  - (ii) foreign equity securities; or
  - (iii) stocks and shares of any company resident in Singapore which are not listed on any stock exchange in Singapore or elsewhere; or
- (b) arranging any loan of any debt and equity securities under a securities lending or repurchase arrangement, other than —
- (i) arranging a loan of stocks and shares of any company resident in Singapore which are not listed on any stock exchange in Singapore or elsewhere; or
  - (ii) arranging, on behalf of a foreign investor, a loan of designated securities to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where payment for the arrangement of the loan is not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

*[S 260/2006 wef 18/02/2005]*

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(2B) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company which is an approved start-up fund manager, derived during a period of 12 months from the date of the incorporation, by that company, of a fund in the form of a company not resident in Singapore, from —

- (a) managing the funds of the second-mentioned company for the purpose of any designated investment;
- (b) providing investment advisory services to the second-mentioned company in respect of designated investments;
- or
- (c) arranging, on behalf of the second-mentioned company, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company,

provided that —

- (i) the second-mentioned company was incorporated at any time between 18th February 2005 and 17th February 2010 (both dates inclusive);
- (ii) the date of incorporation of the second-mentioned company is stated in its charter, statute or memorandum and articles or other instrument constituting it or defining its constitution;
- (iii) at the date of incorporation of the second-mentioned company, the first-mentioned company was already an approved start-up company;
- (iv) the second-mentioned company has been managed by the first-mentioned company since the date of incorporation of the second-mentioned company; and
- (v) the second-mentioned company was not incorporated with the avoidance or reduction of tax chargeable under the Act as its main purpose or one of its main purposes.

*[S 260/2006 wef 18/02/2005]*

(2C) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company which is an approved start-up fund manager, derived during a period of 12 months from the date of the constitution, by that company, of a trust fund, from —

- (a) managing the funds of the trust fund for the purpose of any designated investment;
- (b) providing investment advisory services to the trust fund in respect of designated investments; or
- (c) arranging, on behalf of the trust fund, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company,

provided that —

- (i) the trust fund was constituted at any time between 18th February 2005 and 17th February 2010 (both dates inclusive);
- (ii) the date of constitution of the trust fund is stated in the relevant trust instrument;
- (iii) at the date of constitution of the trust fund, the company was already an approved start-up company;
- (iv) the trust fund has been managed by that company since the constitution of that trust fund; and
- (v) the trust fund was not constituted with the avoidance or reduction of tax chargeable under the Act as its main purpose or one of its main purposes.

*[S 260/2006 wef 18/02/2005]*

(2D) Subject to this regulation and regulation 7, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company, derived on or after 17th February 2006 from any of the following activities:

- (a) managing the funds of an approved company for the purpose of any designated investments;

- (b) providing investment advisory services to an approved company in respect of any designated investments.

*[S 586/2008 wef 17/02/2006]*

(2E) Subject to this regulation and regulation 7, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company, derived on or after 15th February 2007 but before 1st January 2011 from providing investment advisory services to a foreign investor through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

*[S 586/2008 wef 15/02/2007]*

*[S 638/2011 wef 01/01/2011]*

(2F) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company, derived on or after 1st September 2007 but before 1st January 2011 from any of the following activities:

- (a) managing the funds of a prescribed person for the purpose of any designated investments, provided the prescribed person has no non-qualifying investor as at the last day of the basis period of the prescribed person for the relevant year of assessment;
- (b) managing the funds of an approved company for the purpose of any designated investments, provided the approved company has no non-qualifying investor as at the last day of the basis period of the approved company for the relevant year of assessment;
- (c) subject to regulation 7, managing the funds of a trustee of a prescribed trust fund for the purpose of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (other than a fund manager of, or a trustee in its capacity as the trustee of the prescribed trust fund);
- (d) providing investment advisory services to a prescribed person in respect of any designated investments (including



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through a fund manager outside Singapore), provided the prescribed person has no non-qualifying investor as at the last day of the basis period of the prescribed person for the relevant year of assessment;

*[S 212/2016 wef 01/09/2007]*

- (e) providing investment advisory services to an approved company in respect of any designated investments (including through a fund manager outside Singapore), provided the approved company has no non-qualifying investor as at the last day of the basis period of the approved company for the relevant year of assessment;

*[S 212/2016 wef 01/09/2007]*

- (f) subject to regulation 7, providing investment advisory services to a trustee of a prescribed trust fund in respect of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (other than a fund manager of, or a trustee in its capacity as the trustee of the prescribed trust fund);

- (g) subject to regulation 7, arranging on behalf of a trustee of a prescribed trust fund, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

- (h) subject to regulation 7, providing investment advisory services to a trustee of a prescribed trust fund through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

*[S 54/2010 wef 01/09/2007]*

*[S 638/2011 wef 01/01/2011]*

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(2G) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company derived on or after 1st April 2009 but before 1st January 2011 from any of the following activities:

- (a) managing the funds of an approved person for the purpose of any designated investments;
- (b) providing investment advisory services to an approved person in respect of any designated investments (including through a fund manager outside Singapore).

*[S 212/2016 wef 01/04/2009]*

*[S 835/2010 wef 01/04/2009]*

*[S 638/2011 wef 01/01/2011]*

(2H) Subject to this regulation, tax is payable at the rate of 10% on the income of a financial sector incentive (standard tier) company derived on or after 7 July 2010 but before 1 January 2011 from any of the following activities:

- (a) managing the funds of the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;
- (b) providing investment advisory services to the approved master fund or an approved feeder fund of an approved master-feeder fund structure in respect of any designated investments (including through a fund manager outside Singapore).

*[S 212/2016 wef 07/07/2010]*

(3) The qualifying base shall be subject to tax at the rate of tax under section 43(1)(a) of the Act and, where the qualifying base is a loss, shall be deducted from the income subject to tax at the rate of tax under that provision.

(4) In this regulation —

“qualifying base” means the amount calculated by multiplying the specified income derived or the specified loss incurred, as the case may be, before 1st January 2011, by the initial qualifying base percentage or subsequent qualifying base

percentage, as the case may be, determined under regulation 10;

*[S 638/2011 wef 01/01/2011]*

“specified income” or “specified loss” means the aggregate of the following:

- (a) interest income from the activities specified in paragraph (1), after deducting any interest expense allowable under the Act which is attributable to such interest income;
- (b) all fees, commissions and other income from the activities specified in paragraphs (1), (2A), (2B) , (2C), (2D), (2E), (2F) and (2G), after deducting any direct expense allowable under the Act which is attributable to such fees, commissions or other income; and
- (c) profits or loss from the disposal of equity securities, debt securities or secondary loans specified in paragraph (1), after deducting any specific provision allowable under the Act for the diminution in value of such securities or loans, and adding any taxable specific provision for diminution in value of such securities or loans which is written back.

**12% tax payable on qualifying income of financial sector incentive (standard tier) company derived on or after 1st January 2011**

**4A.—(1)** Subject to this regulation and regulation 7A, tax shall be payable at the rate of 12% on the income of a financial sector incentive (standard tier) company derived during the period between 1 January 2011 and 31 December 2013 (both dates inclusive), being —

- (a) income from any of the activities specified in Part 1 of the Fourth Schedule; and

*[S 212/2016 wef 01/04/2013]*

- (b) interest from any deposit held by the company as a corporate futures member as a margin for any transaction in relation to any activity referred to in sub-paragraph (i), (k) or (l) of Part 1 of the Fourth Schedule.

*[S 212/2016 wef 01/04/2013]*

(1A) Subject to this regulation and regulation 7A, tax is payable at the rate of 12% on the income of a financial sector incentive (standard tier) company derived during the period between 1 April 2013 and 31 December 2013 (both dates inclusive) from any of the activities specified in Part 2 of the Fourth Schedule.

*[S 212/2016 wef 01/04/2013]*

(1B) Subject to this regulation and regulation 7A, tax is payable at the rate of 12% on the income of a financial sector incentive (standard tier) company derived on or after 1 January 2014, being —

- (a) income from any of the activities specified in the Fifth Schedule; and
- (b) interest from any deposit held by the company as a corporate futures member as a margin for any transaction in relation to any activity mentioned in sub-paragraph (j), (l) or (m) of the Fifth Schedule.

*[S 212/2016 wef 01/01/2014]*

(2) The concessionary rate of tax referred to in paragraph (1) or (1B) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to —

- (a) any interest derived from any qualifying debt securities issued during the period from 10th May 1999 to 31st December 2023 (both dates inclusive);

*[S 212/2016 wef 01/01/2014]*

*[S 110/2019 wef 01/01/2019]*

- (b) any discount from any qualifying debt securities issued during the period from 17th February 2006 to 31st December 2023 (both dates inclusive);

*[S 212/2016 wef 01/01/2014]*

*[S 110/2019 wef 01/01/2019]*

- (c) any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the

period from 1st January 2005 to 31st December 2023 (both dates inclusive); and

*[S 212/2016 wef 01/01/2014]*

*[S 110/2019 wef 01/01/2019]*

- (d) any prepayment fee, redemption premium or break cost from qualifying debt securities issued during the period from 15th February 2007 to 31st December 2023 (both dates inclusive),

*[S 212/2016 wef 01/01/2014]*

*[S 110/2019 wef 01/01/2019]*

where 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities and where such income is derived by —

- (i) any financial sector incentive (standard tier) company which is a related party of the issuer of those securities; or
- (ii) any financial sector incentive (standard tier) company where the funds used by such company to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

*[S 212/2016 wef 27/11/2014]*

*[S 212/2016 wef 01/01/2014]*

(3) The concessionary rate of tax referred to in paragraph (1) or (1B) shall not apply to any income derived by a financial sector incentive (standard tier) company from any qualifying debt securities issued during the relevant period referred to in paragraph (2), where the issuer of such securities, or such other person as the Monetary Authority of Singapore may direct, has not furnished to the Monetary Authority of Singapore in respect of the issue of the debt securities —

- (a) a return on those securities within such period as the Monetary Authority of Singapore may specify; and
- (b) such other particulars in connection with those securities as the Monetary Authority of Singapore may require.

*[S 212/2016 wef 01/01/2014]*

*[S 212/2016 wef 28/06/2013]*

(4) In this Regulation, “break cost”, “prepayment fee”, “redemption premium” and “related party” have the same meanings as in section 13(16) of the Act.

*[S 638/2011 wef 01/01/2011]*

**12% tax payable on qualifying income of financial sector incentive (trustee companies) company derived on or after 1 April 2016**

**4B.**—(1) Subject to paragraph (2), tax is payable at the rate of 12% on the income of a financial sector incentive (trustee companies) company derived on or after 1 April 2016 from providing any of the following services:

- (a) trustee or custodian services in the company’s capacity as a trustee of a relevant foreign trust, or as a trustee of a philanthropic purpose trust in respect of a foreign account;
- (b) trustee or custodian services for or on behalf of any unit trust —
  - (i) which is also a trust fund that is a foreign investor; and
  - (ii) the funds of which are invested in designated investments;
- (c) trustee or custodian services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments;
- (d) custodian services for or on behalf of any foreign mutual fund corporation, where the funds of the foreign mutual fund corporation are invested in designated investments;
- (e) trust management or administration services provided to a trustee of a relevant foreign trust, to any eligible holding company of a relevant foreign trust, or to a trustee of a philanthropic purpose trust in respect of a foreign account;
- (f) trustee services in respect of the issue of units of —
  - (i) a foreign collective investment scheme; or
  - (ii) a foreign business trust,

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where the proceeds of the issue of the units are used outside Singapore;

- (g) custodian services in respect of —
- (i) any qualifying debt securities;
  - (ii) any foreign debt securities;
  - (iii) any foreign equity securities;
  - (iv) any units in a foreign collective investment scheme;  
or
  - (v) any units in a foreign business trust.

(2) Paragraph (1) does not apply to any payment for the services mentioned in paragraph (1)(a) to (f), that is borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (excluding, in the case of services mentioned in sub-paragraph (a), (b), (e) or (f) of paragraph (1), payment by a trustee of the trust mentioned in that sub-paragraph where the trustee is incorporated, resident or registered in Singapore).

*[S 772/2017 wef 01/04/2016]*

### **10% tax payable on qualifying income of financial sector incentive (headquarter services) company**

5.—(1) Tax shall be payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived during the period from 1st January 2004 to 30th December 2010 (both dates inclusive) from the provision of such of the following services as may be approved by the Minister or approving authority in relation to that financial sector incentive (headquarter services) company, or derived on or after 31st December 2010 from the provision of any of the following services, to any approved office of the financial sector incentive (headquarter services) company or any approved person:

- (a) general management and administration;
- (b) business planning and co-ordination;
- (c) procurement of raw materials and components for use in the business of the approved office or approved person;
- (d) technical support services;

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- (e) marketing control and sales promotion planning;
  - (f) training and personnel management;
  - (g) corporate finance advisory services;
  - (h) economic or investment research and analysis;
  - (i) credit control and administration;
  - (j) research and development work carried out in Singapore on behalf of the approved office;
  - (k) arranging credit facilities for the approved office in foreign currencies where the funds for providing the facilities are obtained from —
    - (i) financial institutions in Singapore; or
    - (ii) the accumulated profits of other approved offices;
  - (l) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where —
    - (i) in the case of a guarantee, performance bond or standby letter of credit, the party in whose favour the facility is issued is —
      - (A) a bank licensed under the Banking Act (Cap. 19), or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), which is a financial sector incentive company;
      - (B) a person who is neither a resident of nor a permanent establishment in Singapore; or
      - (C) a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment; and
    - (ii) in the case of services relating to remittances, the person to whom the remittances are made is —
      - (A) a bank licensed under the Banking Act, or a merchant bank approved under section 28 of



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the Monetary Authority of Singapore Act, which is a financial sector incentive company; or

- (B) a person who is neither a resident of nor a permanent establishment in Singapore;
- (m) arranging interest rate or currency swaps in foreign currencies with —
- (i) a bank licensed under the Banking Act, or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act, which is a financial sector incentive company;
  - (ii) a person who is neither a resident of nor a permanent establishment in Singapore; or
  - (iii) a branch office outside Singapore of a company resident in Singapore;
- (n) managing the funds of the approved office for the purpose of any designated investments, provided that, if the approved office is an associated company not resident in Singapore, unless otherwise allowed by the Minister or approving authority —
- (i) not less than 80% of the total number of the issued shares of the approved office are beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;
  - (ii) the approved office has no permanent establishment in Singapore other than the financial services incentive (headquarter services) company;
  - (iii) the approved office does not carry on business in Singapore;
  - (iv) the approved office does not beneficially own more than 20% of the total number of the issued shares of any company incorporated in Singapore; and

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- (v) the approved office has less than 20% of the total number of its issued shares beneficially owned, directly or indirectly, by a company which —
- (A) has a permanent establishment in Singapore other than the financial sector incentive (headquarter services) company;
  - (B) carries on business in Singapore; or
  - (C) beneficially owns more than 20% of the total number of the issued shares of any company incorporated in Singapore.

*[S 835/2010 wef 22/01/2009]*

(1A) Tax shall be payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived on or after 22nd January 2009 from the provision of any prescribed processing services to any financial institution or another financial sector incentive (headquarter services) company.

*[S 835/2010 wef 22/01/2009]*

(2) In this regulation —

“approved office”, in relation to a financial sector incentive (headquarter services) company, means an office or associated company of the financial sector incentive (headquarter services) company which —

- (a) is outside Singapore and is approved by the Minister or approving authority; or
- (b) is in Singapore and is approved on or after 22nd January 2009 by the Minister or approving authority;

*[S 835/2010 wef 22/01/2009]*

“approved person”, in relation to a financial sector incentive (headquarter services) company, means a person which is not an approved office of the financial sector incentive (headquarter services) company and which is approved by the Minister or approving authority for the purposes of this regulation;

*[S 212/2016 wef 01/04/2009]*

“associated company”, in relation to a financial sector incentive (headquarter services) company, means a company —

- (a) the operations of which are or can be controlled, directly or indirectly, by that financial sector incentive (headquarter services) company;
- (b) which controls or can control, directly or indirectly, the operations of that financial sector incentive (headquarter services) company; or
- (c) the operations of which are or can be controlled, directly or indirectly, by a person or persons who control or can control, directly or indirectly, the operations of that financial sector incentive (headquarter services) company;

“financial institution” means —

- (a) any institution in Singapore that is licensed or approved by the Monetary Authority of Singapore, or exempted from such licensing or approval, under any written law administered by the Monetary Authority of Singapore; or
- (b) any institution outside Singapore that is licensed or approved, or exempted from such licensing or approval, by its financial supervisory authority for the carrying on of financial activities;

*[S 835/2010 wef 22/01/2009]*

“prescribed processing services” means any of the services specified in the Third Schedule provided in Singapore by a financial sector incentive (headquarter services) company.

*[S 835/2010 wef 22/01/2009]*

(3) For the purpose of paragraph (2), a company shall be deemed to be an associated company in relation to a financial sector incentive (headquarter services) company if —

- (a) at least 25% of the total number of the issued shares of the first-mentioned company are beneficially owned, directly or indirectly, by the financial sector incentive (headquarter services) company; or

- (b) at least 25% of the total number of the issued shares of the financial sector incentive (headquarter services) company are beneficially owned, directly or indirectly, by the first-mentioned company.

**10% tax payable on qualifying income of financial sector incentive (fund management) company**

6.—(1) Subject to regulation 7, tax shall be payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived from the following activities:

- (a) on or after 1st January 2004 —

- (i) managing the funds of a foreign investor for the purpose of any designated investments, or providing investment advisory services to a foreign investor in respect of any designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (ii) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to a financial sector incentive (standard tier) company or another financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

*[S 586/2008 wef 17/02/2006]*

- (b) on or after 17th February 2006, managing the funds of an approved company for the purpose of any designated investments, or providing investment advisory services to an approved company in respect of any designated investments;

*[S 586/2008 wef 17/02/2006]*

- (c) on or after 15th February 2007, providing investment advisory services to a foreign investor through a fund

manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

*[S 586/2008 wef 15/02/2007]*

*[S 260/2006 wef 18/02/2005]*

(2) Tax shall be payable at the rate of 10% on the income of a financial sector incentive (fund management) company which is an approved start-up fund manager, derived during a period of 12 months from the date of the incorporation, by that company, of a fund in the form of a company not resident in Singapore, from —

- (a) managing the funds of the second-mentioned company for the purpose of any designated investment;
- (b) providing investment advisory services to the second-mentioned company in respect of designated investments;  
or
- (c) arranging, on behalf of the second-mentioned company, any loan of designated securities under a securities lending arrangement in writing to a financial sector incentive (standard tier) company or another financial sector incentive (fund management) company,

provided that —

- (i) the second-mentioned company was incorporated at any time between 18th February 2005 and 17th February 2010 (both dates inclusive);
- (ii) the date of incorporation of the second-mentioned company is stated in its charter, statute or memorandum and articles or other instrument constituting it or defining its constitution;
- (iii) at the date of incorporation of the second-mentioned company, the first-mentioned company was already an approved start-up company;
- (iv) the second-mentioned company has been managed by the first-mentioned company since the date of incorporation of the second-mentioned company; and

- (v) the second-mentioned company was not incorporated with the avoidance or reduction of tax chargeable under the Act as its main purpose or one of its main purposes.

*[S 260/2006 wef 18/02/2005]*

(3) Tax shall be payable at the rate of 10% on the income of a financial sector incentive (fund management) company which is an approved start-up fund manager, derived during a period of 12 months from the date of the constitution, by that company, of a trust fund, from —

- (a) managing the funds of the trust fund for the purpose of any designated investment;
- (b) providing investment advisory services to the trust fund in respect of designated investments; or
- (c) arranging, on behalf of the trust fund, any loan of designated securities under a securities lending arrangement in writing to a financial sector incentive (standard tier) company or another financial sector incentive (fund management) company,

provided that —

- (i) the trust fund was constituted at any time between 18th February 2005 and 17th February 2010 (both dates inclusive);
- (ii) the date of constitution of the trust fund is stated in the relevant trust instrument;
- (iii) at the date of constitution of the trust fund, the company was already an approved start-up company;
- (iv) the trust fund has been managed by that company since the constitution of that trust fund; and
- (v) the trust fund was not constituted with the avoidance or reduction of tax chargeable under the Act as its main purpose or one of its main purposes.

*[S 260/2006 wef 18/02/2005]*

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(4) Tax shall be payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 1st September 2007 from any of the following activities:

(a) managing the funds of a prescribed person for the purpose of any designated investments, provided the prescribed person has no non-qualifying investor as at the relevant day of the basis period of the prescribed person for the relevant year of assessment;

*[S 772/2017 wef 29/05/2015]*

(b) managing the funds of an approved company for the purpose of any designated investments, provided the approved company has no non-qualifying investor as at the relevant day of the basis period of the approved company for the relevant year of assessment;

*[S 772/2017 wef 29/05/2015]*

(c) subject to regulation 7, managing the funds of a trustee of a prescribed trust fund for the purpose of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (other than a fund manager of, or a trustee in its capacity as the trustee of the prescribed trust fund);

(d) providing investment advisory services to a prescribed person in respect of any designated investments (including through a fund manager outside Singapore), provided the prescribed person has no non-qualifying investor as at the relevant day of the basis period of the prescribed person for the relevant year of assessment;

*[S 212/2016 wef 01/09/2007]*

*[S 772/2017 wef 29/05/2015]*

(e) providing investment advisory services to an approved company in respect of any designated investments (including through a fund manager outside Singapore), provided the approved company has no non-qualifying

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investor as at the relevant day of the basis period of the approved company for the relevant year of assessment;

*[S 212/2016 wef 01/09/2007]*

*[S 772/2017 wef 29/05/2015]*

- (f) subject to regulation 7, providing investment advisory services to a trustee of a prescribed trust fund in respect of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (other than a fund manager of, or a trustee in its capacity as the trustee of the prescribed trust fund);
- (g) subject to regulation 7, arranging on behalf of a trustee of a prescribed trust fund, any loan of designated securities under a securities lending arrangement in writing to a financial sector incentive (standard tier) company or another financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (h) subject to regulation 7, providing investment advisory services to a trustee of a prescribed trust fund through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

*[S 54/2010 wef 01/09/2007]*

(4A) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 1st April 2009 from any of the following activities:

- (a) managing the funds of an approved person for the purpose of any designated investments;



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- (b) providing investment advisory services to an approved person in respect of any designated investments (including through a fund manager outside Singapore).

*[S 212/2016 wef 01/04/2009]*

*[S 835/2010 wef 01/04/2009]*

(4B) Subject to this regulation, tax is payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 7 July 2010 from any of the following activities:

- (a) managing the funds of the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;
- (b) providing investment advisory services to the approved master fund or an approved feeder fund of an approved master-feeder fund structure in respect of any designated investments (including through a fund manager outside Singapore).

*[S 772/2017 wef 07/07/2010]*

*[S 212/2016 wef 07/07/2010]*

(4C) Subject to this regulation, tax is payable at the rate of 10% on the income of a financial sector incentive (fund management) company derived on or after 1 April 2015 from any of the following activities:

- (a) managing the funds of the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure, for the purpose of any designated investments;
- (b) providing investment advisory services to the approved master fund, an approved feeder fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master-feeder fund-SPV structure in respect of any designated investments (including through a fund manager outside Singapore);
- (c) managing the funds of the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an

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approved master fund-SPV structure, for the purpose of any designated investments;

- (d) providing investment advisory services to the approved master fund, an approved 1st tier SPV or an approved 2nd tier SPV of an approved master fund-SPV structure in respect of any designated investments (including through a fund manager outside Singapore).

*[S 772/2017 wef 01/04/2015]*

(5) The rate of tax of 10% referred to in paragraph (1) shall not apply to any income from activities referred to in sub-paragraph (b) of that paragraph if derived on or after —

- (a) 1st September 2007; or
- (b) where an option has been exercised under regulation 8 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), the date which the Income Tax (Exemption of Income of Approved Companies from Funds Managed by Fund Manager) Regulations 2007 (G.N. No. S 628/2007) cease to apply.

*[S 54/2010 wef 01/09/2007]*

**Computation of income of financial sector incentive (standard tier) company derived before 1st January 2011 and of financial sector incentive (fund management) company from managing funds of certain foreign investors and approved companies**

7.—(1) In respect of services provided to a foreign investor under regulation 4(1)(l) or (m) or (2E) or 6(1)(a) or (c), where the foreign investor is —

- (a) a company referred to in paragraph (b)(i) of the definition of “foreign investor” in regulation 2 in which any designated person is a shareholder and of which more than 20% of the total number of the issued shares are beneficially owned, directly or indirectly, by persons who are not individuals or companies referred to in

paragraph (a) or (b), as the case may be, of that definition and by designated persons;

*[S 586/2008 wef 15/02/2007]*

*[S 638/2011 wef 29/11/2011]*

(aa) a company referred to in paragraph (b)(ii) of the definition of “foreign investor” in regulation 2 in which any designated person is a shareholder and of which more than 20% of the total value of the issued securities are beneficially owned, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of that definition and by designated persons; or

*[S 586/2008 wef 15/02/2007]*

*[S 638/2011 wef 29/11/2011]*

(b) a trust fund referred to in paragraph (c) of the definition of “foreign investor” in regulation 2 in which any designated person is a beneficiary and of which more than 20% of the value is beneficially held, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of that definition and by designated persons,

*[S 638/2011 wef 29/11/2011]*

the amount of fees and commissions which is chargeable with tax at the concessionary rate of 10% shall be computed in accordance with the following formula:

$$\frac{A + (20\% \times B)}{B} \times C$$

where A is the number of issued shares of the company referred to in paragraph (a), the value of issued securities of the company referred to in paragraph (aa) or the value of the trust fund referred to in paragraph (b), as the case may be, which are not beneficially owned or held, directly or indirectly, by persons who are not referred to in paragraphs (a) and (b) of the definition of “foreign investor” in regulation 2 or by designated persons;

B is the total number of issued shares of the company referred to in paragraph (a), the total value of issued securities of the company referred to in paragraph (aa) or the total value of the trust fund referred to in paragraph (b), as the case may be; and”;

C is the amount of fees and commissions derived from the provision of the services referred to in regulation 4(1)(l) or (m) or 6(1) or (2E) or 6(1)(a) or (c) to the foreign investor.

(2) In respect of services provided to an approved company under regulation 4(2D) or 6(1)(b), where the approved company is —

(a) a company incorporated before 15th February 2007, in which any designated person is a shareholder and of which more than 20% of the total number of the issued shares are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore and by designated persons; or

(b) a company incorporated on or after 15th February 2007, in which any designated person is a shareholder and of which more than 20% of the total value of the issued securities are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore and by designated persons,

the amount of fees and commissions which is chargeable with tax at the concessionary rate of 10% shall be computed in accordance with the following formula:

$$\frac{D + (20\% \times E)}{E} \times F$$

[S 586/2008 wef 17/02/2006]

where D is the number of issued shares of the company referred to in sub-paragraph (a) or the value of issued securities of the company referred to in sub-paragraph (b), as the case may be, which are not beneficially owned or held, directly or indirectly,

by persons who are citizens of Singapore or resident in Singapore or by designated persons;

E is the total number of issued shares of the company referred to in sub-paragraph (a) or the total value of issued securities of the company referred to in sub-paragraph (b), as the case may be; and

F is the amount of fees and commissions derived from the provision of the services referred to in regulation 4(2D) or 6(1)(b) to the approved company.

(3) In respect of services provided to a trustee of a prescribed trust fund under regulation 4(2F)(c), (f), (g) or (h) or 6(4)(c), (f), (g) or (h), where any designated person is a beneficiary of that trust fund and where more than 20% of the total value of that trust fund is beneficially held, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore and by designated persons, the amount of fees and commissions which is chargeable with tax at the concessionary rate of 10% shall be computed in accordance with the following formula:

$$\frac{G + (20\% \times H)}{H} \times I$$

*[S 54/2010 wef 01/09/2007]*

where G is the value of the trust fund which is not beneficially owned or held, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore or by designated persons;

H is the total value of the trust fund; and

I is the amount of fees and commissions derived from the provision of the services referred to in regulation 4(2F) or 6(4) to the trustee of a prescribed trust fund.

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**Computation of income of financial sector incentive (standard tier) company derived on or after 1st January 2011 from managing funds of certain foreign investors and approved companies**

**7A.—(1)** In respect of services provided to a foreign investor under sub-paragraph (*m*), (*r*) or (*y*) of Part 1 of the Fourth Schedule or sub-paragraph (*n*), (*s*) or (*z*) of the Fifth Schedule, where the foreign investor is —

(*a*) a company referred to in paragraph (*b*)(i) of the definition of “foreign investor” in regulation 2(1) where —

(i) a designated person is a shareholder of the company; and

(ii) more than 20% of the total number of the issued shares in the company are beneficially owned, directly or indirectly —

(A) by persons who are not individuals or companies referred to in paragraph (*a*) or (*b*), as the case may be, of that definition; and

(B) by designated persons;

(*b*) a company referred to in paragraph (*b*)(ii) of the definition of “foreign investor” in regulation 2(1) where —

(i) a designated person is a shareholder of the company; and

(ii) more than 20% of the total value of the issued securities of the company are beneficially owned, directly or indirectly —

(A) by persons who are not individuals or companies referred to in paragraph (*a*) or (*b*), as the case may be, of that definition; and

(B) by designated persons; or

(*c*) a trust fund referred to in paragraph (*c*) of the definition of “foreign investor” in regulation 2(1) where —

(i) a designated person is a beneficiary of the fund; and

(ii) more than 20% of the value of the fund is beneficially held, directly or indirectly —

(A) by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of that definition; and

(B) by designated persons,

the amount of fees and commissions which is chargeable with tax at the concessionary rate of 12% shall be computed in accordance with the formula

$$\frac{A + (20\% \times B)}{B} \times C$$

where A is the number of issued shares of the company referred to in sub-paragraph (a), the value of issued securities of the company referred to in sub-paragraph (b) or the value of the trust fund referred to in sub-paragraph (c), as the case may be, which are not beneficially owned or held, directly or indirectly, by persons who are not individuals or companies referred to in paragraph (a) or (b), as the case may be, of the definition of “foreign investor” in regulation 2(1) or by designated persons;

B is the total number of issued shares of the company referred to in sub-paragraph (a), the total value of issued securities of the company referred to in sub-paragraph (b) or the total value of the trust fund referred to in sub-paragraph (c), as the case may be; and

C is the amount of fees and commissions derived from the provision of the services referred to in sub-paragraph (m), (r) or (y) of Part 1 of the Fourth Schedule or sub-paragraph (n), (s) or (z) of the Fifth Schedule, as the case may be, to the foreign investor.

*[S 212/2016 wef 01/01/2014]*

*[S 212/2016 wef 01/04/2013]*

(2) In respect of services provided to a trustee of a prescribed trust fund under sub-paragraph (p), (s), (w) or (z) of Part 1 of the Fourth Schedule or sub-paragraph (q), (t), (x) or (za) of the Fifth Schedule, where —

- (a) any designated person is a beneficiary of that trust fund; and
- (b) more than 20% of the total value of that trust fund is beneficially held, directly or indirectly —
  - (i) by persons who are citizens of Singapore or resident in Singapore; and
  - (ii) by designated persons,

the amount of fees and commissions which is chargeable with tax at the concessionary rate of 12% shall be computed in accordance with the formula

$$\frac{D + (20\% \times E)}{E} \times F$$

where D is the value of the trust fund which is not beneficially held, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore or by designated persons;

E is the total value of the trust fund; and

F is the amount of fees and commissions derived from the provision of the services referred to in sub-paragraph (p), (s), (w) or (z) of Part 1 of the Fourth Schedule or sub-paragraph (q), (t), (x) or (za) of the Fifth Schedule, as the case may be, to the trustee of the trust fund.

*[S 212/2016 wef 01/01/2014]*

*[S 212/2016 wef 01/04/2013]*

*[S 638/2011 wef 01/01/2011]*



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**5% tax payable on qualifying income of financial sector incentive company**

**8.—(1)** Tax shall be payable at the rate of 5% on the income derived —

(a) by a financial sector incentive (bond market) company —

(i) on or after 1st January 2004, from arranging, underwriting or distributing any qualifying debt securities, subject to the conditions specified in the Income Tax (Qualifying Debt Securities) Regulations (Rg 35);

(ii) on or after 16th February 2008, from trading in any qualifying debt securities or qualifying project debt securities;

(b) on or after 1st January 2004, by a financial sector incentive (credit facilities syndication) company from arranging, underwriting or granting loans under any syndicated offshore facility which is an offshore credit facility or an offshore guarantee facility, if —

(i) the agreement for the facility is made on or after 1st January 2004; and

(ii) the syndication work in respect of the facility is carried out substantially in Singapore;

*[S 556/2020 wef 16/07/2020]*

(c) on or after 1st January 2004, by a financial sector incentive (credit facilities syndication) company which is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186) from trading in secondary loans under any syndicated offshore facility which is an offshore credit facility or an offshore guarantee facility, if —

(i) the agreement for the facility is made on or after 1st January 2004; and

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- (ii) the syndication work in respect of the facility is carried out substantially in Singapore;  
*[S 556/2020 wef 16/07/2020]*
  - (d) by a financial sector incentive (derivatives market) company —
    - (i) on or after 1st January 2004, from trading in qualifying derivatives or providing services as an intermediary in connection with transactions relating to qualifying derivatives;
    - (ii) on or after 16th February 2008, from trading in financial derivatives that are transacted on an exchange or providing services as an intermediary in connection with transactions relating to such derivatives;
  - (da) on or after 1 January 2014, by a financial sector incentive (derivatives market) company from the following activities:
    - (i) trading in financial derivatives;
    - (ii) providing services as an intermediary in connection with transactions relating to financial derivatives;
    - (iii) trading in commodity derivatives or emission derivatives transacted over-the-counter with any specified person;
    - (iv) providing services as an intermediary in connection with transactions relating to commodity derivatives or emission derivatives transacted over-the-counter between specified persons;
    - (v) trading in freight derivatives transacted over-the-counter with —
      - (A) a specified person; or
      - (B) a shipping enterprise;
    - (vi) providing services as an intermediary in connection with transactions relating to freight derivatives transacted over-the-counter between —

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- (A) specified persons;
  - (B) shipping enterprises; or
  - (C) a specified person and a shipping enterprise;
- (vii) trading with any person in commodity derivatives or freight derivatives transacted over-the-counter, where such trade is cleared through the SGX AsiaClear Facility by the Singapore Exchange Derivatives Clearing Limited;
  - (viii) trading in commodity derivatives or emission derivatives transacted on an exchange, where —
    - (A) the financial sector incentive (derivatives market) company is a member of a qualifying exchange; or
    - (B) such trade is executed through a specified person who is a member of any exchange, and on behalf of the financial sector incentive (derivatives market) company;
  - (ix) providing services as an intermediary in connection with transactions relating to commodity derivatives or emission derivatives transacted on an exchange between —
    - (A) specified persons; or
    - (B) a specified person and a qualifying exchange;
  - (x) trading in freight derivatives transacted on an exchange where —
    - (A) the financial sector incentive (derivatives market) company is a member of a qualifying exchange; or
    - (B) such trade is executed through a specified person who is a member of any exchange, and on behalf of the financial sector incentive (derivatives market) company;

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- (xi) providing services as an intermediary in connection with transactions relating to freight derivatives transacted on an exchange between —
    - (A) specified persons;
    - (B) shipping enterprises;
    - (C) qualifying exchanges;
    - (D) a specified person and a shipping enterprise;
    - (E) a specified person and a qualifying exchange;
    - or
    - (F) a shipping enterprise and a qualifying exchange;
  - (xii) incidental physical trading, but subject to paragraph (4A);

*[S 212/2016 wef 01/01/2014]*

- (e) on or after 1st January 2004, by a financial sector incentive (equity market) company from the following activities:
  - (i) services (including services as a broker, nominee or custodian) in connection with transactions relating to stocks, shares, bonds or other securities listed on the Singapore Exchange that are issued by —
    - (A) a company which is neither incorporated in Singapore nor resident in Singapore; or
    - (B) a company which —
      - (BA) is incorporated in Singapore;
      - (BB) has at least 50% of its annual turnover derived from outside Singapore; and
      - (BC) is approved for the purpose of these Regulations by the Minister or approving authority,

except where the payments for these services and other expenses in connection with the transactions are borne, directly or indirectly, by a person resident

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in Singapore or by a permanent establishment in Singapore of a person who is not resident in Singapore;

- (ii) the sale of any stocks, shares, bonds or other securities referred to in sub-paragraph (i);
- (iii) services on behalf of a company which is neither incorporated in Singapore nor resident in Singapore (excluding any permanent establishment it may have in Singapore) in respect of the arrangement, underwriting, management and placement of an initial public offering by the company of securities for the purpose of a listing on the Singapore Exchange, where the payments for these services and other expenses in connection with the issue of such securities are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore; and
- (iv) services on behalf of a company which —
  - (A) is incorporated in Singapore;
  - (B) has at least 50% of its annual turnover derived from outside Singapore; and
  - (C) is approved, for the purpose of these Regulations, by the Minister or approving authority,

in respect of the arrangement, underwriting, management and placement of an initial public offering by the company of securities for the purpose of a listing on the Singapore Exchange;

- (f) on or after 1st November 2006, by a financial sector incentive (project finance) company from any of the following activities:
  - (i) arranging, underwriting or distributing any qualifying project debt securities;

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- (ii) arranging or underwriting any qualifying project loan;
  - (iii) providing project finance advisory services in connection with transactions relating to any prescribed asset or project;  
*[S 586/2008 wef 01/11/2006]*
- (g) on or after 1st April 2008, by a financial sector incentive (debt capital market) company from —
- (i) arranging, underwriting or distributing any qualifying debt securities, subject to the conditions specified in the Income Tax (Qualifying Debt Securities) Regulations (Rg 35);
  - (ii) trading in any qualifying debt securities or qualifying project debt securities;
  - (iii) arranging, underwriting or granting loans under any syndicated offshore facility which is an offshore credit facility or an offshore guarantee facility, if —
    - (AA) the agreement for the facility is made on or after 1st January 2004; and
    - (BB) the syndication work in respect of the facility is carried out substantially in Singapore;  
*[S 556/2020 wef 16/07/2020]*
  - (iv) arranging, underwriting or distributing any qualifying project debt securities;
  - (v) arranging or underwriting any qualifying project loan;
  - (vi) providing project finance advisory services in connection with transactions relating to any prescribed asset or project;
  - (vii) where the financial sector incentive (debt capital market) company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), trading in

secondary loans under any syndicated offshore facility which is an offshore credit facility or an offshore guarantee facility, if —

(AA) the agreement for the facility is made on or after 1st January 2004; and

(BB) the conditions specified in the Second Schedule are satisfied;

(h) on or after 1st April 2008, by a financial sector incentive (Islamic finance) company, which is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), from the activities of the kinds referred to in regulation 4(1)(a) or sub-paragraph (a) of Part 1 of the Fourth Schedule, if the following conditions are satisfied:

(i) the activities are 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) the activities are structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;

*[S 212/2016 wef 01/04/2013]*

*[S 638/2011 wef 01/01/2011]*

(ha) on or after 1 January 2014, by a financial sector incentive (Islamic finance) company, which is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), from the activities of the kinds mentioned in sub-paragraph (a)(i) to (iv) of the Fifth Schedule, if the following conditions are satisfied:

(i) the activities are 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;

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- (ii) the activities are structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;  
*[S 212/2016 wef 01/01/2014]*
- (i) on or after 1st April 2008, by a financial sector incentive (Islamic finance) company, being a fund manager, from the activities of the kinds referred to in regulation 4(1)(l) or (m), (2E), (2F) or (2G) or sub-paragraph (m), (n), (o), (p), (q), (r), (s), (u), (v), (w), (x), (y) or (z) of Part 1 of the Fourth Schedule, provided that the activities are 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 ;  
*[S 212/2016 wef 01/04/2013]*  
*[S 638/2011 wef 01/01/2011]*
- (ia) on or after 7 July 2010, by a financial sector incentive (Islamic finance) company that is a fund manager, from the activities of the kinds mentioned in regulation 4(2H), if (but only if) the activities are 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;  
*[S 212/2016 wef 07/07/2010]*
- (ib) on or after 1 January 2014, by a financial sector incentive (Islamic finance) company that is a fund manager, from the activities of the kinds mentioned in sub-paragraph (n), (o), (p), (q), (r), (s), (t), (v), (w), (x), (y), (z) or (za) of the Fifth Schedule, if (but only if) the activities are 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;  
*[S 212/2016 wef 01/01/2014]*
- (j) on or after 27th February 2009, by a financial sector incentive (derivatives market) (financial) company from —
- (i) trading in financial derivatives; or



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- (ii) providing services as an intermediary in connection with transactions relating to financial derivatives;  
*[S 835/2010 wef 27/02/2009]*
  - (k) on or after 27th February 2009, by a financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company from —
    - (i) trading in commodity derivatives or emission derivatives transacted over-the-counter with any specified person;
    - (ii) providing services as an intermediary in connection with transactions relating to commodity derivatives or emission derivatives transacted over-the-counter between specified persons;
    - (iii) trading in freight derivatives transacted over-the-counter with —
      - (A) a specified person; or
      - (B) a shipping enterprise;
    - (iv) providing services as an intermediary in connection with transactions relating to freight derivatives transacted over-the-counter between —
      - (A) specified persons;
      - (B) shipping enterprises; or
      - (C) a specified person and a shipping enterprise;
    - (v) incidental physical trading; except that where, in a relevant year of assessment, the volume of the incidental physical trading exceeds 15% of the total volume of incidental physical trading and trading in commodity derivatives transacted over-the-counter with specified persons in that year of assessment, the concessionary rate shall only apply to a portion of the income derived from the incidental physical trading calculated in accordance with the formula

$$\frac{A}{B} \times C,$$

where A is 15% of the total volume of incidental physical trading and trading in commodity derivatives transacted over-the-counter with specified persons in that year of assessment;

B is the total volume of all incidental physical trading with specified persons in that year of assessment; and

C is the total income derived from all incidental physical trading with specified persons in that year of assessment; or

*[S 638/2011 wef 29/11/2011]*

(vi) trading with any person in commodity derivatives or freight derivatives transacted over-the-counter, where such trade is cleared through the SGX AsiaClear Facility by the Singapore Exchange Derivatives Clearing Limited;

*[S 835/2010 wef 27/02/2009]*

(l) on or after 27th February 2009, by a financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company from —

(i) trading in commodity derivatives or emission derivatives transacted on an exchange where —

(A) the financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company is a member of a qualifying exchange; or

(B) such trade is executed through a specified person who is a member of any exchange, and on behalf of the financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;

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- (ii) providing services as an intermediary in connection with transactions relating to commodity derivatives or emission derivatives transacted on an exchange between —
    - (A) specified persons; or
    - (B) a specified person and a qualifying exchange;
  - (iii) trading in freight derivatives transacted on an exchange where —
    - (A) the financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company is a member of a qualifying exchange; or
    - (B) such trade is executed through a specified person who is a member of any exchange, and on behalf of the financial sector incentive (derivatives market) (exchange-traded commodity derivatives) company;
  - (iv) providing services as an intermediary in connection with transactions relating to freight derivatives transacted on an exchange between —
    - (A) specified persons;
    - (B) shipping enterprises;
    - (C) qualifying exchanges;
    - (D) a specified person and a shipping enterprise;
    - (E) a specified person and a qualifying exchange;  
or
    - (F) a shipping enterprise and a qualifying exchange; or
  - (v) incidental physical trading; except that where, in a relevant year of assessment, the volume of the incidental physical trading exceeds 15% of the total volume of incidental physical trading and trading in commodity derivatives transacted on an

exchange with specified persons in that year of assessment, the concessionary rate shall only apply to a portion of the income derived from the incidental physical trading calculated in accordance with the formula

$$\frac{A}{B} \times C,$$

where A is 15% of the total volume of incidental physical trading and trading in commodity derivatives transacted on an exchange with specified persons in that year of assessment;

B is the total volume of all incidental physical trading with specified persons in that year of assessment; and

C is the total income derived from all incidental physical trading with specified persons in that year of assessment;

*[S 638/2011 wef 29/11/2011]*

*[S 835/2010 wef 27/02/2009]*

- (m) on or after 27th February 2009, by a financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company from —
- (i) activities referred to in sub-paragraph (k)(i), (ii), (iii), (iv) or (vi) or (l)(i), (ii), (iii) or (iv); or
  - (ii) incidental physical trading; except that where, in a relevant year of assessment, the volume of the incidental physical trading exceeds 15% of the total volume of incidental physical trading and trading in commodity derivatives, whether transacted over-the-counter or on an exchange, with specified persons in that year of assessment, the concessionary rate shall only apply to a portion of the income derived from the incidental physical trading calculated in accordance with the formula

$$\frac{A}{B} \times C,$$

where A is 15% of the total volume of incidental physical trading and trading in commodity derivatives (whether transacted over-the-counter or on an exchange) with specified persons in that year of assessment;

B is the total volume of all incidental physical trading with specified persons in that year of assessment; and

C is the total income derived from all incidental physical trading with specified persons in that year of assessment;

*[S 638/2011 wef 29/11/2011]*

*[S 835/2010 wef 27/02/2009]*

- (n) on or after 27th February 2009, by a financial sector incentive (derivatives market) (financial, over-the-counter and exchange-traded commodity derivatives) company from activities referred to in sub-paragraph (j), (k)(i), (ii), (iii), (iv) or (vi), (l)(i), (ii), (iii) or (iv) or (m)(ii);

*[S 212/2016 wef 01/01/2014]*

*[S 835/2010 wef 27/02/2009]*

- (o) on or after 1st May 2009, by a financial sector incentive (credit facilities syndication) company from arranging, underwriting or granting a loan after it has become a syndicated facility, under any facility falling within paragraph (a) or (b) of the definition of “offshore credit facility” in regulation 2(1) if —

- (i) at the time of signing of the initial loan agreement, there exists a clear intention by the arranger, underwriter or agent bank of the loan to syndicate the loan as a syndicated facility within 6 months after the date of the signing of that agreement;

*[S 556/2020 wef 16/07/2020]*

- (ii) the arranger, underwriter or agent bank of the loan syndicates the loan as a syndicated facility within 6

months after the date of the signing of the initial loan agreement;

*[S 556/2020 wef 16/07/2020]*

(iii) the loan agreement becomes an agreement for a syndicated facility on or after 1 May 2009;

*[S 556/2020 wef 16/07/2020]*

(iv) all the lenders in the syndicated facility are reflected as lenders of records in the records of the arranger or agent bank of the loan; and

*[S 556/2020 wef 16/07/2020]*

(v) the syndication work in respect of the facility is carried out substantially in Singapore;

*[S 556/2020 wef 16/07/2020]*

(p) on or after 1 January 2014, by a financial sector incentive (capital market) company from —

(i) trading in any debt securities;

(ii) trading in stocks, shares, or other equity securities which are —

(A) listed on any foreign exchange and issued by a company, a collective investment scheme or a business trust; or

(B) not listed on an exchange but are issued by a company which is neither incorporated in Singapore nor resident in Singapore, a foreign collective investment scheme or a foreign business trust;

(iii) trading in stocks, shares or other equity securities listed on the Singapore Exchange which are issued by —

(A) a company which is neither incorporated in Singapore nor resident in Singapore; or

(B) a company which —

(BA) is incorporated in Singapore;

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- 
- (BB) has at least 50% of its annual turnover derived from outside Singapore; and
  - (BC) is approved for the purpose of this regulation by the Minister or approving authority;
  - (C) a foreign collective investment scheme; or
  - (D) a foreign business trust;
  - (iv) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —
    - (A) qualifying debt securities; or
    - (B) foreign debt securities;
  - (v) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities or units under a securities lending or repurchase arrangement) in respect of —
    - (A) foreign equity securities;
    - (B) units in a foreign collective investment scheme; or
    - (C) units in a foreign business trust,except where the payments for those services and other expenses in connection with those services are borne, directly or indirectly, by a person resident in Singapore, or by a permanent establishment in Singapore of a person who is not resident in Singapore;
  - (vi) providing services for the purpose of a listing on the Singapore Exchange, to a company which —
    - (A) is incorporated in Singapore;
    - (B) has at least 50% of its annual turnover derived from outside Singapore; and

(C) is approved, for the purpose of these Regulations, by the Minister or approving authority;

- (vii) providing services for the purpose of a listing on the Singapore Exchange, to a company which is neither incorporated in Singapore nor resident in Singapore (but not to any permanent establishment it may have in Singapore), where the payments for these services and other expenses in connection with the listing are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore; and

*[S 212/2016 wef 01/01/2014]*

- (q) on or after 1 January 2014, by a financial sector incentive (credit facilities syndication) company, from providing project finance advisory services in connection with a syndicated offshore facility relating to any prescribed asset or project.

*[S 212/2016 wef 01/01/2014]*

(2) Notwithstanding paragraph (1)(b), where a financial sector incentive (credit facilities syndication) company holds any bonds, notes, certificates of deposit or other instruments of indebtedness issued under a facility referred to in paragraph (d) or (e) of the definition of “offshore credit facility” in regulation 2(1), the rate of tax of 5% referred to in paragraph (1) shall not apply to any income derived from the holding of those bonds, notes, certificates of deposit or other instruments of indebtedness or the profits arising from the sale thereof.

*[S 54/2010 wef 16/02/2008]*

- (3) Notwithstanding paragraph (1)(b), (g) and (o), where —
- (a) funds raised from any syndicated offshore facility are used solely to refinance previous borrowings; or
- (b) part of the funds raised from any syndicated offshore facility are used to refinance previous borrowings, and the remaining part of which are used outside Singapore,



and where —

- (i) the previous borrowings were granted by a person resident in Singapore or permanent establishment in Singapore (other than those borrowings the income derived therefrom was exempt from tax under section 43A(2) of the Act); or
- (ii) the funds raised from previous borrowings were used in Singapore,

the income of a financial sector incentive (credit facilities syndication) company in relation to that syndicated offshore facility shall, for the purpose of paragraph (1), be determined by multiplying the income from the syndicated offshore facility by  $(1 - A/B)$ , where —

A is the amount of the funds raised from the syndicated offshore facility used to refinance previous borrowings where —

- (i) the previous borrowings were granted by a person resident in Singapore or permanent establishment in Singapore (other than those borrowings the income derived therefrom was exempt from tax under section 43A(2) of the Act); or
- (ii) the funds raised from previous borrowings were used in Singapore; and

B is the total amount of the syndicated offshore facility.

*[S 54/2010 wef 16/02/2008]*

(4) Notwithstanding paragraph (1)(b) or (o), where not more than 10% of the funds raised from any syndicated offshore facility arranged, underwritten or granted by a financial sector incentive (credit facilities syndication) company on or after 1st May 2009 is used in Singapore for the sole purpose of discharging any professional fees incurred in respect of the facility, the income of the company in relation to that syndicated offshore facility shall, for the purpose of paragraph (1), be determined by multiplying the income from the syndicated offshore facility by the formula

$$1 - \frac{A}{B}$$

where A is the amount of the funds raised from the syndicated offshore facility so used in Singapore; and

B is the total amount of the syndicated offshore facility.

*[S 835/2010 wef 01/05/2009]*

(4A) For the purposes of paragraph (1)(da)(xii), where, in a relevant year of assessment, the volume of the incidental physical trading of the financial sector incentive (derivatives market) company with specified persons exceeds 15% of the total volume of its incidental physical trading and trading in commodity derivatives, whether transacted over-the-counter or on an exchange, with specified persons, the concessionary rate only applies to a portion of the income derived from the incidental physical trading that is calculated in accordance with the formula:

$$\frac{A}{B} \times C,$$

where A is 15% of the total volume of incidental physical trading and trading in commodity derivatives (whether transacted over-the-counter or on an exchange) with specified persons in that year of assessment;

B is the total volume of all incidental physical trading with specified persons in that year of assessment; and

C is the total income derived from all incidental physical trading with specified persons in that year of assessment.

*[S 212/2016 wef 01/01/2014]*

(5) Paragraph (1)(da)(xii), (k)(v), (l)(v) and (m)(ii) shall not apply to any income attributable to activities carried out in Singapore which —

(a) add value to the commodities by any physical alteration, addition or improvement (including refining, blending or processing) of the commodities; or

(b) relate to the storage or bulk-breaking of the commodities.

*[S 212/2016 wef 01/01/2014]*

*[S 835/2010 wef 31/12/2010]*

(6) For the purposes of paragraph (1)(b), (c), (g)(iii) and (vii) and (o), the agent bank of the syndicated offshore facility mentioned in those provisions must submit to the Comptroller within a time specified by the Comptroller —

(a) a return on the facility and a declaration from the arranger of the facility that the facility is a syndicated offshore facility;

(b) where the facility is an offshore credit facility provided to a specified person that has any related party in Singapore, a declaration from the specified person that the funds from the facility have not been, and are not intended to be, transferred to that related party in Singapore; and

(c) any other information or particulars that the Comptroller may require.

*[S 556/2020 wef 16/07/2020]*

(7) For the purposes of this regulation, a facility is treated as a syndicated facility or a syndicated offshore facility if —

(a) the total amount of the facility is at least US\$20 million or the equivalent in another currency;

(b) the facility is documented as one agreement; and

(c) either —

(i) the facility has at least 3 lenders and, where there are fewer than 5 lenders, each lender has a share of at least 10% of the total amount of the facility; or

(ii) in the case of a facility that provides a guarantee or letter of credit in addition to the provision of loans, advances or funds —

(A) the facility complies with sub-paragraph (i); or

- (B) there are at least 3 issuers of the guarantee or letter of credit and, where there are fewer than 5 issuers, each issuer's undertaking represents at least 10% of the total amount of the facility.

*[S 556/2020 wef 16/07/2020]*

(8) For the purposes of this regulation, the syndication work in respect of a facility is treated as being carried out substantially in Singapore if all of the following functions are carried out by a bank licensed under the Banking Act, a merchant bank approved under section 28 of the Monetary Authority of Singapore Act, or a financial sector incentive (credit facilities syndication) company that holds a capital markets services licence under the Securities and Futures Act to deal in securities or that is exempt under that Act from holding such a licence:

- (a) originating and structuring of the facility;
- (b) running the book;
- (c) facility documentation;
- (d) facility agency.

*[S 556/2020 wef 16/07/2020]*

### **Determination of income chargeable with tax**

9. Subject to regulation 9A, for the purposes of regulations 4, 4A, 5, 6 and 8, the Comptroller shall determine —

- (a) the chargeable income of the financial sector incentive 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;
- (b) the manner and extent to which any loss arising from the activities specified in those regulations may be deducted under the Act in ascertaining the chargeable income of the company; and

- (c) the manner and extent to which any income should be excluded under regulation 8(5).

*[S 212/2016 wef 01/01/2014]*

*[S 835/2010 wef 31/12/2010]*

*[S 638/2011 wef 01/01/2011]*

**Deduction, etc., where activity subject to 2 concessionary tax rates**

**9A.**—(1) This regulation applies where income of a financial sector incentive company from an activity is subject to 2 different concessionary rates of tax under these Regulations for the same period (called in this regulation the common period), and either —

- (a) the income from that activity for a part of that period has been charged to tax at one of those rates; or
- (b) the capital allowance, losses or donations that are attributable or apportioned to that activity have been deducted against income of the company —
  - (i) derived during a part of that period; and
  - (ii) that has been charged to tax under these Regulations at one of those rates.

(2) In ascertaining the income of the company under regulation 9 for any remaining part of the common period (called in this regulation the remaining period) —

- (a) any expenses, capital allowances, losses and donations that are attributable or apportioned to that activity, and that are allowable under the Act against income in the remaining period, may only be deducted against income of the company in the remaining period that is subject to the rate at which the income mentioned in paragraph (1)(a) or (b) has been charged to tax (called in this regulation the initial rate); but
- (b) any part of those expenses, capital allowances, losses and donations that remain unabsorbed are considered unabsorbed capital allowances, losses and donations in respect of the company's income that is subject to the

initial rate, and may be deducted against any other income of the company in the remaining period and in accordance with section 37B of the Act (if applicable).

(3) The deduction of unabsorbed capital allowances, losses and donations under paragraph (2)(b) against other income of the company is subject to the conditions by which unabsorbed capital allowances, losses and donations may be carried forward for deduction against income under sections 23 and 37 of the Act (if applicable).

(4) Despite anything in these Regulations, in a case mentioned in paragraph (1)(b), tax is payable at the initial rate on the income of the company derived from that activity for the remaining period, and not at the other concessionary rate of tax mentioned in paragraph (1).

*[S 212/2016 wef 01/01/2014]*

### **Determination of qualifying base percentage**

**10.—**(1) The initial qualifying base percentage of a financial sector incentive (standard tier) company shall be determined in the following order:

- (a) 100%, if the previous incentive income for each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company is nil or less than nil;
- (b) 0%, if the previous non-incentive income for each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company is nil or less than nil;

$$\frac{\text{average } (Y_i)}{\text{average } (X_i) + \text{average}(Y_i)} \times 100\%,$$

if for the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the

company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company, both the average of the previous incentive income and the average of the previous non-incentive income of the company are positive,

where  $X_i$  is the previous incentive income for year of assessment  $i$ ;

$Y_i$  is the previous non-incentive income for year of assessment  $i$ ; and

$i$  is each of the first, second and third years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

$$\frac{\text{average } (Y_j)}{\text{average } (X_j) + \text{average}(Y_j)} \times 100\%,$$

if for the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company, either the average of the previous incentive income of the company or the average of the previous non-incentive income of the company is, or both are, nil or less than nil,

where  $X_j$  is the previous incentive income for year of assessment  $j$ ;

$Y_j$  is the previous non-incentive income for year of assessment  $j$ ; and

$j$  is each year of assessment which falls within the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier)

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company, and in which both the previous incentive income and the previous non-incentive income are positive; and

(e) 0%, in any other case.

(2) Where a company has less than 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company —

(a) any reference in this regulation to the 3 years of assessment immediately preceding the year of assessment relating to that basis period shall be read as a reference to all the years of assessment immediately preceding the year of assessment relating to that basis period; and

(b) any reference in this regulation to the first, second and third year of assessment immediately preceding the year of assessment relating to that basis period shall be construed accordingly.

(3) Where the initial qualifying base percentage of the financial sector incentive (standard tier) company is 100%, the Minister or approving authority —

(a) may, if he thinks fit, specify an initial qualifying base percentage to determine the qualifying base for the first or second year of assessment immediately after the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company; and

(b) shall specify an initial qualifying base percentage to determine the qualifying base for the third year of assessment immediately after the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a



financial sector incentive (standard tier) company, and any subsequent year of assessment.

(4) Where the initial qualifying base percentage of the financial sector incentive (standard tier) company is 0% and where that company is approved as such for the first time for more than 5 years, the application of such percentage to the specified income or specified loss referred to in regulation 4(4) to determine the qualifying base shall be for a period not exceeding 5 years from the date the company is approved as a financial sector incentive (standard tier) company for the first time, and the Minister or approving authority shall specify the initial qualifying base percentage to be applied for the remaining incentive period.

(5) The subsequent qualifying base percentage of the financial sector incentive (standard tier) company shall be determined in the following order:

- (a) a percentage specified by the Minister or approving authority, if the previous qualifying base percentage is 0%;
- (b) the previous qualifying base percentage, if there was no consecutive increase in the specified income or specified loss referred to in regulation 4(4) for the 3 years of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period;
- (c) subject to sub-paragraph (d), a percentage calculated in accordance with the following formula:

$$QB \times \left[ 1 + \left( \sqrt{\frac{X}{Y}} - 1 \right) \right]$$

where QB is the previous qualifying base percentage;

X is the specified income referred to in regulation 4(4) for the first year of assessment immediately preceding the year of assessment relating to the

first basis period falling within the subsequent incentive period; and

Y is the specified income referred to in regulation 4(4) for the third year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period;

- (d) where the subsequent qualifying base percentage computed in accordance with sub-paragraph (c) is more than 100%, a percentage specified by the Minister or approving authority;
- (e) subject to sub-paragraph (f), a percentage calculated in accordance with the following formula:

$$QB \times \left[ 1 - \left( \sqrt{\frac{X}{Y}} - 1 \right) \right]$$

where QB is the previous qualifying base percentage;

X is the specified loss referred to in regulation 4(4) for the first year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period; and

Y is the specified loss referred to in regulation 4(4) for the third year of assessment immediately preceding the year of assessment relating to the first basis period falling within the subsequent incentive period; and

- (f) where the subsequent qualifying base percentage computed in accordance with sub-paragraph (e) is less than 0%, 0%.

(5A) Notwithstanding paragraph (5), where a company whose approval as a financial sector incentive (standard tier) company referred to in regulation 3(3) or 12 expires on or before

31st December 2010, whose initial qualifying base percentage is a percentage other than 0% or 100%, and whose approval period is extended for a further period under regulation 3(5), the company may —

- (a) continue to apply the initial qualifying base percentage to the specified income or specified loss, as the case may be, referred to in regulation 4 derived during the period from 1st January 2009 to any date on or before 31st December 2010 (referred to in this paragraph as “specified date”); and
- (b) apply the subsequent qualifying base percentage to the specified income or specified loss, as the case may be, referred to in regulation 4 from the day immediately after the specified date to the last day of the approval period extended under regulation 3(5).

*[S 54/2010 wef 01/01/2009]*

(6) Notwithstanding paragraphs (1), (5) and (5A), the Minister or approving authority may in any particular case specify the initial or subsequent qualifying base percentage, or the method to determine the initial qualifying base percentage or subsequent qualifying base percentage, as he thinks fit, in lieu of any percentage or method specified in paragraph (1), (5) or (5A).

(7) The initial or subsequent qualifying base percentage specified by the Minister or approving authority under paragraph (3), (4), (5), (5A) or (6) shall not exceed 100%.

(8) A financial sector incentive (standard tier) company shall submit to the Comptroller a report from an external auditor, certifying that the initial qualifying base percentage of the company presents fairly the initial qualifying base percentage as prescribed in these Regulations, together with its return of income within the period specified under section 62 of the Act, except where —

- (a) the initial qualifying base percentage is 100%;
- (b) the financial sector incentive (standard tier) company is a company which —
  - (i) was incorporated or registered on or after 1st January 2004;

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- (ii) has not taken over any undertaking or business from any person in Singapore; and
  - (iii) has not derived any income during the period from the date of its incorporation or registration to the date it is approved as a financial sector incentive (standard tier) company; or
- (c) the financial sector incentive (standard tier) company is a company which —
- (i) was incorporated or registered on or after 1st January 2004;
  - (ii) has not taken over any activity referred to in regulation 4 from any person in Singapore; and
  - (iii) was approved as a financial sector incentive (standard tier) company within 2 years from the date of commencement in Singapore of any activity referred to in regulation 4 by the company.

*[S 835/2010 wef 01/01/2004]*

(9) In this regulation —

“initial qualifying base percentage”, in relation to a financial sector incentive (standard tier) company, means the percentage used to compute the qualifying base referred to in regulation 4(4) in the period for which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

“previous incentive income”, in relation to a financial sector incentive (standard tier) company, means specified previous income derived by the company which was subject to tax at the rate of tax of 10% in each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

“previous non-incentive income”, in relation to a financial sector incentive (standard tier) company, means specified previous income derived by the company which was subject

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to tax at the rate of tax under section 43 (1) (a) of the Act in each of the 3 years of assessment immediately preceding the year of assessment relating to the basis period in which the company is approved for the first time or deemed to be approved as a financial sector incentive (standard tier) company;

“previous qualifying base percentage”, in relation to a financial sector incentive (standard tier) company, means the qualifying base percentage which was applied to the period during which the company was approved as a financial sector incentive (standard tier) company immediately preceding the date at which the subsequent qualifying base percentage is determined;

“specified previous income” means —

(a) in the case of previous incentive income, the aggregate of the following:

- (i) interest income from the activities specified in the First Schedule, after deducting any interest expense allowable under the Act which is attributable to such interest income;
- (ii) all fees, commissions and other income from the activities specified in the First Schedule, after deducting any direct expense allowable under the Act which is attributable to such fees, commissions or other income; and
- (iii) profits or loss from the disposal of equity securities, debt securities or secondary loans specified in the First Schedule, after deducting any specific provision allowable under the Act for the diminution in value of such securities or loans, and adding any taxable specific provision for diminution in value of such securities or loans which is written back; and

(b) in the case of previous non-incentive income, the aggregate of the following:

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- (i) interest income from the activities specified in regulation 4(1), after deducting any interest expense allowable under the Act which is attributable to such interest income;
  - (ii) all fees, commissions and other income from the activities specified in regulation 4(1), (2A), (2B), (2C), (2D), (2E), (2F) and (2G), after deducting any direct expense allowable under the Act which is attributable to such fees, commissions or other income; and
  - (iii) profits or loss from the disposal of equity securities, debt securities or secondary loans specified in regulation 4(1), after deducting any specific provision allowable under the Act for the diminution in value of such securities or loans, and adding any taxable specific provision for diminution in value of such securities or loans which is written back;

“subsequent qualifying base percentage”, in relation to a financial sector incentive (standard tier) company, means the percentage used to compute the qualifying base referred to in regulation 4(4) in the next immediate subsequent incentive period of the company.

(10) A financial sector incentive (standard tier) company shall cease to apply the initial qualifying percentage or subsequent qualifying percentage on its specified income derived or specified loss incurred, as the case may be, on or after 1st January 2011.

*[S 638/2011 wef 01/01/2011]*

### **Financial sector incentive company to maintain records**

**11.** A financial sector incentive company shall keep and maintain such records, as may be required by the Minister or approving authority for the purposes of these Regulations, of —

- (a) the particulars of every foreign investor in respect of which it provides its services; and

- (b) the particulars of every settlor and every beneficiary or unit holder, as the case may be, of every foreign trust in respect of which it provides its services.

### **Revocation and deeming of approvals**

**12.—**(1) The Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7), the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10), the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) and the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) are revoked.

(2) A company which before 1st January 2004 was a financial institution with an Asian Currency Unit, other than an Approved Derivatives Trader, shall be deemed to be approved as a financial sector incentive (standard tier) company for the purposes of these Regulations from 1st January 2004 until 31st December 2008 or the date on which it ceases to derive income which qualifies for tax concession under these Regulations, whichever is the earlier.

(3) A company which before 1st January 2004 was an Approved Securities Company shall be deemed to be approved as a financial sector incentive (standard tier) company, and a company which before 1st January 2004 was an Approved Derivatives Trader shall be deemed to be approved as a financial sector incentive (derivatives market) company, for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company for the purposes of the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations in force immediately before 1st January 2004 or the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 in force immediately before 1st January 2004, as the case may be, or until 31st December 2008, whichever is the later.

(4) A company which before 1st January 2004 was an Equity Capital Market Intermediary shall be deemed to be approved as a financial sector incentive (standard tier) company and a financial

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sector incentive (equity market) company for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company for the purposes of the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004, or until 31st December 2008, which is the later.

(5) A company which before 1st January 2004 was an Approved Headquarters Company shall be deemed to be approved as a financial sector incentive (headquarter services) company for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company for the purposes of the Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations (Rg 6).

(6) A company which before 1st January 2004 was an Approved Fund Manager shall be deemed to be approved as a financial sector incentive (fund management) company for the purposes of these Regulations from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the company, or for which the company was deemed to have been so approved, under the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7) in force immediately before 1st January 2004, or until 31st December 2008, whichever is the later.

(7) Notwithstanding paragraph (1), any exemption under the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10) in force immediately before 1st January 2004 or the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations in force immediately before 1st January 2004 shall continue to apply, as if those Regulations have not been revoked, to an Asian Currency Unit of a financial institution or to an Approved Fund Manager, as the case may be, approved as such on or before 27th February 2003, from 1st January 2004 until the end of the period for which the Minister or approving authority had approved the Asian Currency Unit or the Approved Fund Manager, as the case may be.



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- (8) Notwithstanding paragraphs (2) to (7), where a company —
- (a) derives income which qualifies for tax concession under the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations in force immediately before 1st January 2004, or has been approved for the purposes of the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) in force immediately before 1st January 2004 or the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004; and
  - (b) ceases to derive income which would qualify for the concessionary rate of tax under these Regulations during the period from 1st January 2004 to 31st December 2004 (both dates inclusive),

these Regulations shall not apply to the company and the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10), the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 (G.N. No. S 637/2003) or the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003, as the case may be, shall continue to apply to the company as if those Regulations have not been revoked.

(9) A company which before 27th February 2009 was a financial sector incentive (derivatives market) company shall be deemed to be approved as a financial sector incentive (derivatives market) (financial) company for the purposes of these Regulations from and including 27th February 2009 until the end of the period for which the Minister or approving authority had approved the company as a financial sector incentive (derivatives market) company for the purposes of these Regulations.

*[S 835/2010 wef 31/12/2010]*

(10) A company which before 27th February 2009 was an approved standard commodity derivatives trading company for the purposes of the Income Tax (Concessionary Rate of Tax for Approved

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Commodity Derivatives Trading Companies) Regulations 2005 (G.N. No. S 672/2005) shall be deemed to be approved as a financial sector incentive (derivatives market) (over-the-counter commodity derivatives) company for the purposes of these Regulations from and including 27th February 2009 until the end of the period for which the Minister or approving authority had approved the company as an approved standard commodity derivatives trading company for the purposes of those Regulations.

*[S 835/2010 wef 31/12/2010]*

(11) A company which before 27th February 2009 was an approved enhanced commodity derivatives trading company for the purposes of the Income Tax (Concessionary Rate of Tax for Approved Commodity Derivatives Trading Companies) Regulations 2005 shall be deemed to be approved as a financial sector incentive (derivatives market) (over-the-counter and exchange-traded commodity derivatives) company for the purposes of these Regulations from and including 27th February 2009 until the end of the period for which the Minister or approving authority had approved the company as an approved enhanced commodity derivatives trading company for the purposes of those Regulations.

*[S 835/2010 wef 31/12/2010]*

(12) A company which on or before 1st April 2010 was a corporate futures member for the purposes of the Income Tax (Concessionary Rate of Tax for Futures Members of the Singapore Exchange) Regulations (Rg 16) shall, upon submission to the approving authority of such particulars within such period as the approving authority may specify, be deemed to be approved as a financial sector incentive (standard tier) company for the purpose of these Regulations from 1st January 2011 to 31st December 2013 (both dates inclusive).

*[S 638/2011 wef 01/01/2011]*

(13) A company which on or before 1st April 2010 was a member of the Corporation known as Singapore Commodity Exchange Ltd for the purposes of the Income Tax (Concessionary Rate of Tax for Members of Singapore Commodity Exchange Ltd) Regulations 2009 (G.N. No. S 316/2009) shall, upon submission to the approving authority of such particulars within such period as the approving authority may specify, be deemed to be approved as a financial sector

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incentive (standard tier) company for the purpose of these Regulations from 1st January 2011 to 31st December 2013 (both dates inclusive).

*[S 638/2011 wef 01/01/2011]*

## FIRST SCHEDULE

Regulation 10

### LIST OF ACTIVITIES

For the purpose of regulation 10, the previous incentive income of a financial sector incentive company shall be derived from any of the following activities carried out under the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7), the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations, the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations (Rg 32), the Income Tax (Concessionary Rate of Tax for Derivatives Activities) Regulations 2003 and the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003:

- (a) managing the funds of a foreign investor for the purpose of any designated investment, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (b) arranging on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to an Equity Capital Market Intermediary approved for securities trading or securities lending activities, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (c) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (d) providing trustee or custodian services for or on behalf of any unit trust, the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

FIRST SCHEDULE — *continued*

- (e) providing custodian services for or on behalf of any foreign mutual fund corporation, the funds of which are invested in designated investments, where the payments for the custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (f) providing trustee or custodian services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (g) providing custodian services in respect of stocks or shares, denominated in currencies other than the Singapore dollar, of companies which are neither incorporated nor resident in Singapore, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (h) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (i) loans in foreign currencies, other than bonds and debentures specified in paragraph (m), made to persons outside Singapore to be used outside Singapore, where the interest on such loans is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;
- (j) opening, advising or confirming letters of credit relating to offshore trade transactions;
- (k) financing or re-financing offshore trade transactions with or without letters of credit;
- (l) transactions in foreign currencies with banks or branch offices outside Singapore or with other Asian Currency Units in Singapore with regard to any of the following:
  - (i) loans;
  - (ii) placement of funds;
  - (iii) bankers' acceptances on bills relating to offshore trade transactions;

FIRST SCHEDULE — *continued*

- (iv) bills relating to offshore trade transactions;
- (v) negotiable certificates of deposit;
- (m) managing, underwriting or selling (as a member of a selling group) the following types of securities denominated in any foreign currency:
  - (i) Asian Dollar Bonds approved by the Minister under section 13(1)(v) of the Act;
  - (ii) Asian Dollar Bonds and other bonds and debentures where the interest on such bonds or debentures is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore; and
  - (iii) fixed or floating rate notes and fixed or floating rate negotiable certificates of deposit issued by banks;
- (n) transacting, broking and investing in securities specified in paragraph (m);
- (o) providing advisory services relating to financial matters to persons outside Singapore (excluding corporate advisory services), where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore, except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;
- (p) foreign exchange transactions in currencies other than the Singapore dollar, with banks or branch offices or other persons outside Singapore or with other Asian Currency Units in Singapore;
- (q) transactions in gold bullion, gold futures, silver bullion, silver futures, platinum bullion, platinum futures or financial futures, in foreign currencies, with —
  - (i) an Asian Currency Unit of another financial institution;
  - (ii) a futures member of the Singapore Exchange;
  - (iii) a person who is neither a resident of nor a permanent establishment in Singapore; or
  - (iv) a branch office outside Singapore of a company resident in Singapore;

FIRST SCHEDULE — *continued*

- (r) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where —
- (i) in the case of a guarantee, performance bond or standby letter of credit, the party on whose behalf, as well as the party in whose favour, the facility is issued is —
    - (A) an Asian Currency Unit of a financial institution;
    - (B) a person who is neither a resident of nor a permanent establishment in Singapore; or
    - (C) a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment; and
  - (ii) in the case of services relating to remittances, the person for whom, as well as the person to whom, the remittances are made is —
    - (A) an Asian Currency Unit of a financial institution; or
    - (B) a person who is neither a resident of nor a permanent establishment in Singapore,
- and where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore (other than an Asian Currency Unit of a financial institution) or by a permanent establishment in Singapore (other than an Asian Currency Unit of a financial institution), except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;
- (s) providing services as an intermediary in connection with transactions relating to derivatives (other than those specified in paragraphs (i) to (r), and interest rate and currency swaps), in currencies other than the Singapore dollar, for —
- (i) an Asian Currency Unit of another financial institution;
  - (ii) a person who is neither a resident of nor a permanent establishment in Singapore;
  - (iii) a branch office outside Singapore of a company resident in Singapore; or
  - (iv) an Approved Securities Company,

FIRST SCHEDULE — *continued*

where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore (other than an Asian Currency Unit of a financial institution) or by a permanent establishment in Singapore (other than an Asian Currency Unit of a financial institution), except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;

- (t) trading in derivatives specified in paragraph (s), in currencies other than the Singapore dollar, with —
  - (i) an Asian Currency Unit of another financial institution;
  - (ii) a person who is neither a resident of nor a permanent establishment in Singapore;
  - (iii) a branch office outside Singapore of a company resident in Singapore; or
  - (iv) an Approved Securities Company;
- (u) provision of services by a financial institution with an Asian Currency Unit to any non-resident holder of a credit or charge card, in connection with the use of the card, where —
  - (i) the billing for the transactions for which the card is used is denominated in any foreign currency;
  - (ii) the card is used outside Singapore for the purposes of making payments to a person outside Singapore who is neither resident in Singapore nor a permanent establishment in Singapore; and
  - (iii) the payments for such services to the Asian Currency Unit of the financial institution are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore;
- (v) trading in any debt securities;
- (w) investing in qualifying debt securities;
- (x) providing services as an intermediary in connection with any transaction involving interest rate or currency swaps;
- (y) trading in interest rate or currency swaps;
- (z) services (including services as a broker, nominee or custodian) on behalf of a person who is neither resident in Singapore nor a permanent

FIRST SCHEDULE — *continued*

establishment in Singapore in connection with transactions relating to —

- (i) stocks, shares, bonds and other securities which are —
  - (A) denominated in any foreign currency, and issued by a company which is neither incorporated in Singapore nor resident in Singapore; or
  - (B) listed on the Singapore Exchange in any foreign currency, and issued by a company which —
    - (BA) is incorporated in Singapore;
    - (BB) has at least 50% of its turnover derived from outside Singapore; and
    - (BC) is approved for the purpose of the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) by the Minister or approving authority;
- (ii) negotiable certificates of deposit denominated in any foreign currency;
- (iii) Asian Dollar Bonds; or
- (iv) bonds denominated in any foreign currency issued by any foreign government,

where the payments for the services and other expenses in connection with such transaction are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore of a non-resident person;

- (za) services as a broker on behalf of an Equity Capital Market Intermediary in connection with the sale of the securities specified in paragraph (z) which are owned by that Equity Capital Market Intermediary to —
  - (i) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
  - (ii) another Equity Capital Market Intermediary approved for securities trading or securities lending activities; or



FIRST SCHEDULE — *continued*

- (iii) a foreign investor, in respect of any sale transacted —
  - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
  - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (zb) services as a nominee or custodian on behalf of an Equity Capital Market Intermediary in connection with transactions relating to the securities specified in paragraph (z) which are owned by that Equity Capital Market Intermediary;
- (zc) the sale of stocks, shares, bonds and other securities referred to in paragraph (z) to —
  - (i) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
  - (ii) an Equity Capital Market Intermediary approved for securities trading or securities lending activities; or
  - (iii) a foreign investor, in respect of any sale transacted —
    - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
    - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (zd) the loan of securities specified in paragraph (z)(i) or (iv) under a securities lending arrangement in writing to —
  - (i) an Equity Capital Market Intermediary approved for securities trading or securities lending activities;
  - (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
  - (iii) a branch office outside Singapore of a bank resident in Singapore which has an Asian Currency Unit; or
  - (iv) a foreign investor, where such loans are transacted —
    - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or

FIRST SCHEDULE — *continued*

- (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (ze) services on behalf of a company which is neither incorporated in Singapore nor resident in Singapore (excluding a permanent establishment in Singapore of such a company) in respect of the arrangement, underwriting, management and placement of securities by such a company, where —
- (i) such securities are denominated in any foreign currency;
  - (ii) the placement of such securities is with persons who are neither resident in Singapore nor permanent establishments in Singapore; and
  - (iii) the payment for such services and other expenses in connection with the issue of such securities are not borne, directly or indirectly, by a person who is resident in Singapore or a permanent establishment in Singapore;
- (zf) services on behalf of a company which —
- (i) is incorporated in Singapore;
  - (ii) has at least 50% of its turnover derived from outside Singapore; and
  - (iii) is approved for the purpose of the Income Tax (Concessionary Rate of Tax for Equity Capital Market Intermediary) Regulations 2003 (G.N. No. S 638/2003) in force immediately before 1st January 2004 by the Minister or approving authority,
- in respect of the arrangement, underwriting, management and placement of —
- (A) securities by the company which are listed on the Singapore Exchange in any foreign currency; or
  - (B) an initial public offering by the company of securities for the purpose of a listing on the Singapore Exchange in any foreign currency;
- (zg) providing corporate advisory services to persons outside Singapore, except where the payments for such services are borne, directly or indirectly, by a person who is resident in Singapore or by a permanent establishment in Singapore of a non-resident person.

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## SECOND SCHEDULE

*[Deleted by S 556/2020 wef 16/07/2020]*

## THIRD SCHEDULE

Regulation 5(2)

### PRESCRIBED PROCESSING SERVICES

1. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to treasury and securities:

- (a) account opening documentation services;
- (b) agreement maintenance and support services;
- (c) cash management services;
- (d) corporate action processing services;
- (e) monitoring of counterparty limits services;
- (f) funds and net asset value accounting services;
- (g) portfolio valuation services;
- (h) pre-settlement confirmation and matching services;
- (i) securities borrowing and lending processing services;
- (j) settlement and reconciliation services.

2. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to asset management:

- (a) benchmark tracking and monitoring services;
- (b) central dealing services;
- (c) credit administration services;
- (d) funds and net asset value accounting services;
- (e) monitoring of counterparty limits services;
- (f) monitoring of investment restrictions services;
- (g) portfolio performance monitoring and measurement services;
- (h) portfolio valuation services;
- (i) registrar, listing agent, and paying agent services;

THIRD SCHEDULE — *continued*

(j) settlement and reconciliation services;

(k) transfer agency services.

3. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to private banking:

(a) administration and monitoring of credit facilities services;

(b) foreign exchange settlement services;

(c) funds and net asset value accounting services;

(d) monitoring of investment limits and restrictions services;

(e) personal and corporate trust servicing services;

(f) settlement and reconciliation services.

4. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to wholesale banking:

(a) cash management services;

(b) collateral management services;

(c) loan administration and monitoring of credit facilities services;

(d) product control services;

(e) securities borrowing and lending processing services;

(f) trade finance and clearing operation services;

(g) trade settlement and reconciliation services;

(h) trade support services.

5. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to retail banking:

(a) credit control services;

(b) evaluation services of applications for financial products including credit cards, loans and bancassurance;

(c) fraud control services;

(d) monitoring services of investment and insurance activities;

(e) settlement and reconciliation services.

THIRD SCHEDULE — *continued*

6. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with its financial activities relating to insurance:

- (a) claims management and processing services;
- (b) loss adjusting services;
- (c) policy issuance, processing, administration, renewal and collection services;
- (d) risk modeling and related services;
- (e) run-off management and related services.

7. The following are prescribed processing services when provided to a financial institution or a financial sector incentive (headquarter services) company in connection with and incidental to its provision of any of the services referred to in paragraphs 1 to 6:

- (a) compliance and legal support services;
- (b) financial control and accounting services;
- (c) information technology development, application and data support services;
- (d) management information and reporting services;
- (e) risk management services.

*[S 835/2010 wef 22/01/2009]*

## FOURTH SCHEDULE

Regulations 4A, 7A and 8

LIST OF ACTIVITIES OF FINANCIAL SECTOR  
INCENTIVE (STANDARD TIER) COMPANIES

## PART 1

ACTIVITIES THE INCOME FROM WHICH, IF DERIVED  
BETWEEN 1 JANUARY 2011 AND 31 DECEMBER 2013  
(BOTH DATES INCLUSIVE), QUALIFIES FOR 12% TAX  
RATE

The income of a financial sector incentive (standard tier) company derived during the period between 1 January 2011 and 31 December 2013 (both dates inclusive), that qualifies for the rate of tax of 12%, is that derived from any of the following activities:

FOURTH SCHEDULE — *continued*

- (a) where the financial sector incentive (standard tier) company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186) —
- (i) granting loans, other than by way of bonds or debentures, in any foreign currency, the repayment of which is not in Singapore currency;
  - (ii) trading in secondary loans in any foreign currency, the repayment of which is not in Singapore currency;
  - (iii) transactions in any foreign currency with any bank or branch office in respect of any of the following:
    - (A) placement of funds;
    - (B) bankers' acceptances on bills relating to trade transactions;
    - (C) bills relating to trade transactions;
    - (D) negotiable certificates of deposit;
  - (iv) opening, advising or confirming of letters of credit denominated in any foreign currency relating to trade transactions;
  - (v) financing or re-financing of trade transactions with or without letters of credit denominated in any foreign currency;
  - (vi) providing guarantees, performance bonds, standby letters of credit and services relating to remittances denominated in foreign currencies; and
  - (vii) providing services to any non-resident holder of a credit or charge card, in connection with the use of the card, where —
    - (A) the billing for the transactions for which the card is used is denominated in any foreign currency;
    - (B) the card is used outside Singapore for the purposes of making payments to a person outside Singapore who is neither resident in Singapore nor a permanent establishment in Singapore; and
    - (C) the payments for such services to the financial sector incentive (standard tier) company are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect

FOURTH SCHEDULE — *continued*

of any business carried on outside Singapore through a permanent establishment outside Singapore;

- (b) trading in any debt securities;
- (c) arranging, managing, underwriting, selling, investing in or providing services (including services as a broker, nominee or custodian) in respect of qualifying debt securities;
- (d) arranging, managing, underwriting, selling, investing in or providing services (including services as a broker, nominee or custodian) in respect of foreign debt securities;
- (e) granting loans of foreign debt securities under securities lending arrangements in writing;
- (f) arranging, managing, underwriting, selling or providing other services (including services as a broker, nominee or custodian) in respect of foreign equity securities;
- (g) granting loans of foreign equity securities under securities lending arrangements in writing;
- (h) arranging, managing, underwriting, selling or providing services (including services as a broker, nominee or custodian) in respect of units in a foreign collective investment scheme and units in a foreign business trust;
- (i) foreign exchange transactions;
- (j) providing services as an intermediary in connection with transactions relating to derivatives;
- (k) trading in derivatives;
- (l) transactions in gold bullion, silver bullion or platinum bullion;
- (m) managing the funds of a foreign investor for the purpose of any designated investments, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (n) managing the funds of a prescribed person for the purpose of any designated investments, provided the prescribed person has no non-qualifying investor as at the last day of the basis period of the prescribed person for the relevant year of assessment;

FOURTH SCHEDULE — *continued*

- (o) managing the funds of an approved company for the purpose of any designated investments, provided the approved company has no non-qualifying investor as at the last day of the basis period of the approved company for the relevant year of assessment;
- (p) managing the funds of a trustee of a prescribed trust fund for the purpose of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (other than a fund manager of, or a trustee in its capacity as the trustee of the prescribed trust fund);
- (q) managing the funds of an approved person, or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;  
*[S 212/2016 wef 01/01/2011]*
- (r) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (s) arranging on behalf of a trustee of a prescribed trust fund, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (t) providing advisory services relating to financial matters (other than investment advisory services in respect of fund management);
- (u) providing investment advisory services to a prescribed person in respect of any designated investments (including through a fund manager outside Singapore), provided the prescribed person has no non-qualifying investor as at the last day of the basis period of the prescribed person for the relevant year of assessment;  
*[S 212/2016 wef 01/01/2011]*
- (v) providing investment advisory services to an approved company in respect of any designated investments (including through a fund manager outside Singapore), provided the approved company has no



FOURTH SCHEDULE — *continued*

non-qualifying investor as at the last day of the basis period of the approved company for the relevant year of assessment;

*[S 212/2016 wef 01/01/2011]*

- (w) providing investment advisory services to a trustee of a prescribed trust fund in respect of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (other than a fund manager of, or a trustee in its capacity as the trustee of, the prescribed trust fund);
- (x) providing investment advisory services to an approved person, or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, in respect of any designated investments (including through a fund manager outside Singapore);  
*[S 212/2016 wef 01/01/2011]*
- (y) providing investment advisory services to a foreign investor through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (z) providing investment advisory services to a trustee of a prescribed trust fund through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (za) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zb) providing trustee or custodian services for or on behalf of any unit trust the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zc) providing custodian services for or on behalf of any foreign mutual fund corporation, the funds of which are invested in designated investments, where the payments for the custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

FOURTH SCHEDULE — *continued*

- (zd) providing trustee services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (ze) providing trustee services in respect of the issue of units of —
- (i) a foreign collective investment scheme; or
  - (ii) a foreign business trust,
- where the proceeds of the issue of units are used outside Singapore and where the payment for the trustee services is not borne directly or indirectly by a person resident in Singapore or by a permanent establishment in Singapore (excluding a trustee in Singapore in its capacity as a trustee of that collective investment scheme or foreign business trust);
- (zf) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zg) trading in secondary loans in any foreign currency, the repayment of which is not in Singapore currency.

[S 212/2016 wef 01/04/2013]

[S 638/2011 wef 01/01/2011]

## PART 2

ACTIVITIES THE INCOME FROM WHICH, IF  
DERIVED BETWEEN 1 APRIL 2013 AND 31 DECEMBER 2013  
(BOTH DATES INCLUSIVE), QUALIFIES FOR 12% TAX RATE

1. The income of a financial sector incentive (standard tier) company derived during the period between 1 April 2013 and 31 December 2013 (both dates inclusive), that qualifies for the rate of tax of 12% is that derived from any of the following activities:

- (a) in a case where the company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), from any activity mentioned in sub-paragraph (a) of Part 1 of this Schedule, if both of the following conditions are satisfied:

FOURTH SCHEDULE — *continued*

- (i) the activity is 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;
  - (ii) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;
- (b) in a case where the company is a fund manager, from an activity mentioned in sub-paragraphs (m), (n), (o), (p), (q), (r), (s), (u), (v), (w), (x), (y) and (z) of Part 1 of this Schedule, if the activity is 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.

[S 212/2016 wef 01/04/2013]

## FIFTH SCHEDULE

Regulations 4A, 7A and 8

ACTIVITIES OF FINANCIAL SECTOR INCENTIVE (STANDARD TIER) COMPANIES THE INCOME FROM WHICH, IF DERIVED ON OR AFTER 1 JANUARY 2014, QUALIFIES FOR 12% TAX RATE

1. The income of a financial sector incentive (standard tier) company derived on or after 1 January 2014 that qualifies for the rate of tax of 12% is that derived from any of the following activities:

- (a) in a case where the company is a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186) —
  - (i) transacting in or providing services in respect of loans, other than by way of bonds or debentures, in a foreign currency;
  - (ii) transacting in any foreign currency with any bank or branch office in respect of any of the following:
    - (A) placement of funds;
    - (B) bankers' acceptances on bills relating to trade transactions;
    - (C) bills relating to trade transactions;
    - (D) negotiable certificates of deposit;
  - (iii) transacting in, or providing services relating to, trade transactions or remittances, in a foreign currency;

FIFTH SCHEDULE — *continued*

- (iv) transacting in, or providing services relating to, bank guarantees or performance bonds, denominated in a foreign currency;
- (v) any activity mentioned in sub-paragraphs (i) to (iv) of sub-paragraph (a), if both of the following conditions are satisfied:
  - (A) the activity is 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;
  - (B) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna;
- (b) trading in foreign currency loans and their related collaterals (excluding immovable property in Singapore);
- (c) trading in any debt securities;
- (d) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of —
  - (i) qualifying debt securities; or
  - (ii) foreign debt securities;
- (e) trading in stocks, shares, or other equity securities which are —
  - (i) listed on any foreign exchange and issued by a company, a collective investment scheme or a business trust; or
  - (ii) not listed on an exchange but are issued by a company which is neither incorporated nor resident in Singapore, a foreign collective investment scheme, or a foreign business trust;
- (f) trading in stocks, shares or other equity securities listed on the Singapore Exchange, which are issued by —
  - (i) a company which is neither incorporated in Singapore nor resident in Singapore;
  - (ii) a company which —
    - (A) is incorporated in Singapore;
    - (B) has at least 50% of its annual turnover derived from outside Singapore; and
    - (C) is approved, for the purpose of these Regulations, by the Minister or approving authority;

FIFTH SCHEDULE — *continued*

- (iii) a foreign collective investment scheme; or
- (iv) a foreign business trust;
- (g) investing in or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities or units under a securities lending or repurchase arrangement) in respect of any —
  - (i) foreign equity securities;
  - (ii) units in a foreign collective investment scheme; or
  - (iii) units in a foreign business trust;
- (h) providing services for the purpose of a listing on the Singapore Exchange, to a company which —
  - (i) is incorporated in Singapore;
  - (ii) has at least 50% of its annual turnover derived from outside Singapore; and
  - (iii) is approved, for the purpose of these Regulations, by the Minister or approving authority;
- (i) providing services for the purpose of a listing on the Singapore Exchange, to a company which is neither incorporated in Singapore nor resident in Singapore (but not to any permanent establishment it may have in Singapore), where the payments for these services and other expenses in connection with the listing are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore;
- (j) foreign exchange transactions;
- (k) providing services as an intermediary in connection with transactions relating to derivatives;
- (l) trading in derivatives;
- (m) transacting in or providing services in respect of gold bullion, silver bullion or platinum bullion;
- (n) managing the funds of a foreign investor for the purpose of any designated investments, or providing investment advisory services to a foreign investor in respect of designated investments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

FIFTH SCHEDULE — *continued*

- (o) managing the funds of a prescribed person for the purpose of any designated investments, where the prescribed person has no non-qualifying investor as at the relevant day of the basis period of the prescribed person for the relevant year of assessment;  
*[S 772/2017 wef 29/05/2015]*
- (p) managing the funds of an approved company for the purpose of any designated investments, where the approved company has no non-qualifying investor as at the relevant day of the basis period of the approved company for the relevant year of assessment;  
*[S 772/2017 wef 29/05/2015]*
- (q) managing the funds of a trustee of a prescribed trust fund for the purpose of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (unless the permanent establishment is the fund manager or trustee (in its capacity as such trustee) of the prescribed trust fund);
- (r) managing the funds of an approved person or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, for the purpose of any designated investments;
- (s) arranging, on behalf of a foreign investor, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (t) arranging, on behalf of a trustee of a prescribed trust fund, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (u) providing advisory services relating to financial matters (other than investment advisory services in respect of fund management);
- (v) providing investment advisory services to a prescribed person in respect of any designated investments (including through a fund manager outside Singapore), where the prescribed person has no non-qualifying investor as at the relevant day of the basis period of the prescribed person for the relevant year of assessment;  
*[S 772/2017 wef 29/05/2015]*

FIFTH SCHEDULE — *continued*

- (w) providing investment advisory services to an approved company in respect of any designated investments (including through a fund manager outside Singapore), where the approved company has no non-qualifying investor as at the relevant day of the basis period of the approved company for the relevant year of assessment;  
*[S 772/2017 wef 29/05/2015]*
- (x) providing investment advisory services to a trustee of a prescribed trust fund in respect of any designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (unless the permanent establishment is the fund manager or trustee (in its capacity as such trustee) of the prescribed trust fund);
- (y) providing investment advisory services to an approved person, or the approved master fund or an approved feeder fund of an approved master-feeder fund structure, in respect of any designated investments (including through a fund manager outside Singapore);
- (z) providing investment advisory services to a foreign investor through a fund manager outside Singapore in respect of designated investments, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (za) providing investment advisory services to a trustee of a prescribed trust fund, in respect of designated investments through a fund manager outside Singapore, where the payments for those services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zb) providing trustee or custodian services in its capacity as a trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zc) providing trustee or custodian services for or on behalf of any unit trust the trust fund of which is a foreign investor and the funds of which are invested in designated investments, where the payments for the trustee or custodian services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;
- (zd) providing custodian services for or on behalf of any foreign mutual fund corporation the funds of which are invested in designated investments where the payments for the custodian services are not

FIFTH SCHEDULE — *continued*

borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

(ze) providing trustee services in respect of foreign bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

(zf) providing trustee services in respect of the issue of units of —

(i) a foreign collective investment scheme; or

(ii) a foreign business trust,

where the proceeds of the issue of units are used outside Singapore, and the payment for the trustee services is not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore (unless the permanent establishment is the trustee (in its capacity as such trustee) of that collective investment scheme or business trust);

(zg) providing trust management or administration services to any trustee of a relevant foreign trust, where the payments for the services are not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore;

(zh) in a case where the company is a fund manager, from any activity mentioned in sub-paragraphs (n), (o), (p), (q), (r), (s), (t), (v), (w), (x), (y), (z) and (za), where the activity is 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.

[S 212/2016 wef 01/01/2014]

Made this 17th day of November 2005.

LIM SIONG GUAN  
*Permanent Secretary,  
Ministry of Finance,  
Singapore.*

[MF(R) 032.018.2183 V6; AG/LEG/SL/134/2005/12 Vol. 2]