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No. S 88

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED FINANCE AND TREASURY CENTRE) REGULATIONS 2017

ARRANGEMENT OF REGULATIONS

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In exercise of the powers conferred by section 43G(1) of the Income Tax Act, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations 2017 and come into operation on 10 March 2017.

Definitions

2. In these Regulations —

“approved offices and associated companies”, in relation to an approved Finance and Treasury Centre, means the offices and associated companies of the approved Finance and Treasury Centre approved under section 43E of the Act;

[S 299/2024 wef 31/12/2021]

“AT1 instrument” means a security (not being a stock or a share) commonly known as Additional Tier 1 capital instrument;

“collective investment scheme” has the same meaning as in section 2(1) of the Securities and Futures Act 2001;

[S 299/2024 wef 31/12/2021]

“qualifying activities” means the following activities carried out by an approved Finance and Treasury Centre on its own account:

(a) transacting or investing in stocks and shares of any company;

(b) transacting or investing in certificates of deposit, notes, bonds, treasury bills, commercial papers, AT1 instruments and collective investment schemes (excluding any collective investment scheme constituted as a unit trust) issued or operated by —

(i) the Government or any foreign government;

(ii) any bank that holds a licence under section 7 or 79 of the Banking Act 1970;

[S 299/2024 wef 31/12/2021]

(iii) any merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act 1970;

[S 299/2024 wef 31/12/2021]

(iv) any bank outside Singapore; or

(v) any company;

[S 484/2021 wef 01/07/2021]

(c) investing in deposits held in Singapore with any financial institution in Singapore, or in deposits held outside Singapore with any financial institution outside Singapore;

(d) foreign exchange transactions;

(e) factoring, forfaiting and re-invoicing activities for its approved offices and associated companies;

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- (f) providing credit facilities to its approved offices and associated companies;
 - (g) transactions involving derivatives (including transactions involving interest rate or currency swaps and transactions in financial futures contracts or options) entered into with —
 - (i) any bank outside Singapore;
 - (ii) any bank that holds a licence under section 7 or 79 of the Banking Act 1970;
 - [S 484/2021 wef 01/07/2021]*
 - [S 299/2024 wef 31/12/2021]*
 - (iia) any merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act 1970;
 - [S 484/2021 wef 01/07/2021]*
 - [S 299/2024 wef 31/12/2021]*
 - (iii) its approved offices and associated companies; or
 - (iv) a member of any exchange specified in the Schedule;
 - (h) transacting or investing in units in any unit trust, where the manager of the unit trust engages wholly in one or more of the activities set out in paragraph (a), (b), (c), (d) or (g),

where the funds used by the approved Finance and Treasury Centre for carrying out the activities are obtained from —

- (i) any financial institution in Singapore;
- (ii) its paid-up capital;
- (iii) its accumulated profits derived from qualifying activities and qualifying services approved under section 43E(2) of the Act;

[S 299/2024 wef 31/12/2021]

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- (iv) its approved offices and associated companies, but excluding such funds borrowed or raised by the approved offices or associated companies, as the case may be, from sources other than —
 - (A) any financial institution in Singapore;
 - (B) any bank outside Singapore;
 - (C) any non-bank financial institution outside Singapore that is not an office or associated company of the approved Finance and Treasury Centre; and
 - (D) the issuance of any bond, note, debenture or other debt security that is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved Finance and Treasury Centre that is not an approved office or associated company of the approved Finance and Treasury Centre;
 - (v) the issuance of any bond, note, debenture or other debt security that is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved Finance and Treasury Centre that is not an approved office or associated company of the approved Finance and Treasury Centre;
 - (vi) any bank outside Singapore; or
 - (vii) any non-bank financial institution outside Singapore that is not its office or associated company;

“qualifying services” means the following services provided in Singapore by an approved Finance and Treasury Centre to its approved offices and associated companies:

- (a) arranging credit facilities where the funds for providing the facilities are obtained from —
 - (i) any financial institution in Singapore; and

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- (ii) the accumulated profits of its other approved offices and associated companies;
 - (b) providing corporate finance advisory services;
 - (c) providing guarantees, performance bonds, standby letters of credit and services relating to remittances, where the party in whose favour the guarantee, performance bond or standby letter of credit is issued, or to whom the remittances are made, is —
 - (i) a bank that holds a licence under section 7 or 79 of the Banking Act 1970;
 - [S 484/2021 wef 01/07/2021]*
 - [S 299/2024 wef 31/12/2021]*
 - (ii) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act 1970; or
 - [S 484/2021 wef 01/07/2021]*
 - [S 299/2024 wef 31/12/2021]*
 - (iii) a bank outside Singapore;
 - (d) managing the funds of any of its approved offices or associated companies;
 - (e) performing economic or investment research and analysis;
 - (f) providing credit administration and control;
 - (g) providing general management and administration;
 - (h) providing business planning and coordination;
 - (i) arranging derivatives (including arranging interest rate or currency swaps) with —
 - (i) a bank that holds a licence under section 7 or 79 of the Banking Act 1970;
 - [S 484/2021 wef 01/07/2021]*
 - [S 299/2024 wef 31/12/2021]*
 - (ii) a merchant bank that holds a merchant bank licence, or is treated as having been granted a

merchant bank licence, under the Banking Act 1970; or

[S 484/2021 wef 01/07/2021]

[S 299/2024 wef 31/12/2021]

(iii) a bank outside Singapore;

“unit” and “unit trust” have the same meanings as in section 10A(2) of the Act.

[S 299/2024 wef 31/12/2021]

Application

3. These Regulations apply to every Finance and Treasury Centre that is approved as such, or has the period of its approval extended, on or after 21 February 2017.

Approved Finance and Treasury Centre

4.—(1) The Minister, or an authorised body, may approve the Finance and Treasury Centre of a company for the purposes of section 43E of the Act for a period of 5 years.

[S 299/2024 wef 31/12/2021]

(2) The Minister, or an authorised body, may in any particular case extend the period of approval of a Finance and Treasury Centre for the purposes of section 43E of the Act, for further periods of 5 years at any one time.

[S 299/2024 wef 31/12/2021]

Concessionary rate of tax

5.—(1) Tax is payable at the concessionary rate specified in section 43E(1A) of the Act on the income of a company derived from the operation of its approved Finance and Treasury Centre —

(a) in respect of the provision of qualifying services that have been approved under section 43E(2)(a) of the Act; and

[S 299/2024 wef 31/12/2021]

(b) in respect of qualifying activities that have been approved under section 43E(2)(b) of the Act.

[S 299/2024 wef 31/12/2021]

[S 299/2024 wef 31/12/2021]

(2) Paragraph (1) only applies —

- (a) if those qualifying services or qualifying activities (as the case may be) are approved in relation to the Finance and Treasury Centre for that concessionary rate of tax; and
- (b) from a date the Minister or an authorised body specifies.

[S 299/2024 wef 12/04/2024]

Determination of income chargeable to tax

6. For the purposes of regulation 5, the Comptroller must determine —

- (a) the income chargeable to tax at the concessionary rate specified in section 43E(1A) of the Act of a company derived from the operation of its approved Finance and Treasury Centre, having regard to such expenses, capital allowances and donations allowable under the Act as are, in the Comptroller's opinion, to be deducted in ascertaining such income; and

[S 299/2024 wef 31/12/2021]

- (b) the manner and extent to which any losses arising from the qualifying services and qualifying activities approved under section 43E(2) of the Act may be deducted under the Act, in ascertaining the chargeable income of a company derived from the operation of its approved Finance and Treasury Centre.

[S 299/2024 wef 31/12/2021]

THE SCHEDULE

Regulation 2

1. Australian Securities Exchange Limited
2. Board of Trade of the City of Chicago, Inc.
3. Chicago Mercantile Exchange, Inc.
4. Commodity Exchange, Inc.
5. Eurex Deutschland
6. ICE Futures Europe
7. ICE Futures Singapore Pte Ltd

THE SCHEDULE — *continued*

8. New York Mercantile Exchange, Inc.
9. Singapore Exchange Derivatives Trading Limited
10. Tokyo Stock Exchange

Made on 9 March 2017.

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