

Income Tax (Exemption of Interest and Other Payments on Economic and Technological Development Loans) (No. 3) Notification 2014

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No. S 161

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS ON ECONOMIC AND TECHNOLOGICAL DEVELOPMENT LOANS) (NO. 3) NOTIFICATION 2014

In exercise of the powers conferred by section 13(4) of the Income Tax Act, the Minister for Finance hereby makes the following Notification:

Citation and commencement

1. This Notification may be cited as the Income Tax (Exemption of Interest and Other Payments on Economic and Technological Development Loans) (No. 3) Notification 2014 and shall be deemed to have come into operation on 1st June 2011.

Definitions

2.—(1) In this Notification —

“approved international shipping enterprise” has the same meaning as in section 13F of the Act;

“approved shipping investment enterprise” has the same meaning as in section 13S of the Act, and includes an approved partnership referred to in regulation 6 of the Income Tax (Tax Incentives for Partnerships) Regulations 2012 (G.N. No. S 685/2012);

“foreign ship” means a ship that is not registered or provisionally registered or, in the case of a ship under construction, not intended to be registered, under the Merchant Shipping Act (Cap. 179);

“loan”, in relation to a shipping enterprise, means a loan or other arrangement similar in nature to a loan, that is entered into on or before 31st May 2016 for any purpose referred to in paragraph 3(1) or (2);

“qualifying payment”, in relation to a loan, means any of the following payments made in connection with the loan:

- (a) interest;
- (b) front-end fees;
- (c) commitment fees;
- (d) interest rate swap payments;
- (e) currency swap payments;
- (f) arranger fees;
- (g) arrangement fees;
- (h) retainer fees;
- (i) agency fees;
- (j) security trustee fees;

“shipping enterprise” means a company that owns or operates, or both owns and operates, one or more ships, and includes an approved international shipping enterprise and an approved shipping investment enterprise;

“special purpose vehicle” means a company whose only business is or is to be the owning or operating, or both the owning and operating, of any ship;

“specified date” —

- (a) in relation to a qualifying payment referred to in paragraph 3(1) that a

shipping enterprise is liable to make, means the later of 1st June 2011 and —

- (i) in a case where the declaration referred to in paragraph 3(4) is made on or before the 15th day of the month immediately following the date on which the qualifying payment is liable to be made, the date on which the qualifying payment is liable to be made; and
 - (ii) in any other case, the date on which the declaration referred to in paragraph 3(4) is made; and
- (b) in relation to a qualifying payment referred to in paragraph 3(2) that an approved international shipping enterprise or an approved shipping investment enterprise is liable to make, means the latest of 1st June 2011, the date on which the enterprise is approved as such, and —
 - (i) in a case where the declaration referred to in paragraph 3(4) is made on or before the 15th day of the month immediately following the date on which the qualifying payment is liable to be made, the date on which the qualifying payment is liable to be made; and
 - (ii) in any other case, the date on which the declaration referred to in paragraph 3(4) is made.

(2) In this Notification, a reference to a qualifying cost that is financed by a loan obtained by a shipping enterprise referred to in paragraph 3(1) or (2) (referred to in this sub-paragraph as the subject loan) is a reference to any of the following incurred by the shipping enterprise:

- (a) any of the following types of payments incurred to bring a ship under construction to a seaworthy state:
 - (i) classification fees;
 - (ii) certification fees;
 - (iii) marine insurance costs;
 - (iv) supervision fees;
 - (v) testing or commissioning fees;
- (b) insurance premiums payable to export credit agencies to guarantee the