

Income Tax (Finance Lease of Ship — Section 13(4) Exemption) Notification 2020

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No. S 789

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (FINANCE LEASE OF SHIP — SECTION 13(4) EXEMPTION) NOTIFICATION 2020

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

Citation and commencement

1. This Notification is the Income Tax (Finance Lease of Ship — Section 13(4) Exemption) Notification 2020 and is deemed to have come into operation on 12 December 2018.

Definitions

2. In this Notification —

“approved international shipping enterprise” means an approved international shipping enterprise mentioned in section 13F of the Act;

“approved shipping investment enterprise” —

- (a) means an approved shipping investment enterprise mentioned in section 13S of the Act; and
- (b) includes a partnership approved by the Minister (or a person appointed by the Minister) under section 13S of the Act as applied by section 36 of the Act;

“finance lease”, in relation to a ship, means a lease of the ship (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the ship to the lessee;

“foreign ship” means a sea-going ship other than a Singapore ship;

“international shipping enterprise” has the meaning given by section 13F(6) of the Act;

“provisionally registered ship” means a ship that is provisionally registered under the Merchant Shipping Act (Cap. 179), but excludes one whose registry is closed, deemed closed or suspended;

“shipping enterprise” means a company that owns or operates one or more Singapore ships;

“shipping investment enterprise” has the meaning given by section 13S(20) of the Act;

“Singapore ship” —

- (a) means a ship in respect of which a certificate of registry has been issued under the Merchant Shipping Act and whose registry is not closed or deemed to be closed or suspended; and
- (b) includes a provisionally registered ship.

Exemption for payment under finance lease of Singapore ship

3.—(1) Subject to this paragraph, any payment that a shipping enterprise is liable to make on or after 12 December 2018 to a person resident outside Singapore (called in this Notification a non-resident person) under a finance lease of any Singapore ship that is entered into on or before 31 December 2023, is exempt from tax.