

Income Tax (Qualifying Debt Securities) Regulations

Table of Contents

1 Citation

2 Definitions

3 Prescribed conditions for tax exemption on interest income from qualifying debt securities

3A Prescribed conditions for tax exemption on discount from qualifying debt securities

3B Prescribed conditions for tax exemption on any amount payable from Islamic debt securities which are qualifying debt securities

3C Prescribed conditions for tax exemption on break cost, prepayment fee and redemption premium from qualifying debt securities

3D Prescribed condition for tax exemption under section 13(1)(bc) of Act

3DA Prescribed circumstances for tax exemption under section 13(1)(bc) of Act

3E Prescribed condition for tax exemption under section 13(1)(bd) of Act

4 Arrangements for qualifying debt securities

4A Determination of exempt income, and deductions

**5 Waiver of withholding of tax in respect of interest paid to or
discount derived by non-resident person**

THE SCHEDULE Prescribed early termination clauses

Legislative History

**INCOME TAX ACT
(CHAPTER 134, SECTIONS 13(1)(a) AND (11) AND 45(9))**

INCOME TAX (QUALIFYING DEBT SECURITIES) REGULATIONS

Rg 35

G.N. No. S 212/2001

REVISED EDITION 2002

(31st January 2002)

Citation

1.—(1) These Regulations may be cited as the Income Tax (Qualifying Debt Securities) Regulations.

(2) [*Deleted by S 268/2009 wef 10/06/2009*]

(3) [*Deleted by S 268/2009 wef 10/06/2009*]

[*S 268/2009 wef 10/06/2009*]

Definitions

2. In these Regulations —

“approved bond intermediary”, “break cost”, “financial institution”, “financial sector incentive (bond market) company”, “financial sector incentive (capital market) company”, “financial sector incentive (standard tier) company”, “prepayment fee”, “qualifying debt securities” and “redemption premium” have the same meanings as in section 13(16) of the Act;

[*S 240/2016 wef 01/01/2014*]

“Authority” means the Monetary Authority of Singapore;

[S 240/2016 wef 28/06/2013]

“debt securities” means bonds, notes, commercial papers, certificates of deposit, and AT1 instruments (as defined in section 10O(2) of the Act), other than Singapore Government securities;

[S 240/2016 wef Y/A 2015 and sub Ys/A]

“funds from Singapore operations”, in relation to a person, means the funds and profits of that person’s operations through a permanent establishment in Singapore;

“Islamic debt securities” has the same meaning as in section 43N(4) of the Act;

[S 52/2006 wef 01/01/2005]

“offering documents” means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities;

“programme” includes a medium term note programme, a commercial paper programme or any similar programme for the issue of debt securities;

“Singapore-based issuer” —

- (a) in relation to an issuer which is not a special purpose vehicle, means an entity which carries on any operation in Singapore; and
- (b) in relation to an issuer which is a special purpose vehicle, means an entity whose sponsor carries on any operation in Singapore;

[S 240/2016 wef 01/01/2014]

“tranche” means a particular issue of debt securities under a programme.

Prescribed conditions for tax exemption on interest income from qualifying debt securities

3.—(1) The conditions referred to in section 13(1)(a) of the Act are as follows:

- (a) the exemption from tax shall not apply —
 - (i) to any interest derived by a permanent establishment in Singapore;
 - (ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where interest is derived from any qualifying debt securities issued during the period from 27th February 1999 to 31st December 2023 by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent

establishment in Singapore, the tax exemption shall not apply if such person acquires such securities using funds from Singapore operations; or

[S 268/2009 wef 01/01/2009]

[S 240/2016 wef 01/01/2014]

[S 869/2018 wef 27/12/2018]

- (iii) if the issuer of the qualifying debt securities, or such other person as the Authority may direct, has not furnished to the Authority a return on the debt securities within such period as the Authority may specify and such other particulars in connection with those securities as the Authority may require; and

[S 52/2006 wef 01/01/2005]

[S 240/2016 wef 28/06/2013]

(b) *[Deleted by S 52/2006 wef 01/01/2005]*

- (c) where the issuer of the qualifying debt securities is a person who is a resident of or a permanent establishment in Singapore and where such securities are issued to any person who is not a resident of Singapore (referred to in this sub-paragraph as the non-resident person) in connection with or for the purpose of enabling that non-resident person to issue securities (referred to in this sub-paragraph as the relevant securities), directly or indirectly, to investors, the exemption from tax shall apply only if —

- (i) the relevant securities are qualifying debt securities;
- (ii) the relevant securities contain restrictions against the acquisition of such relevant securities by any investor who is a resident of or a permanent establishment in Singapore; and
- (iii) the relevant securities are not acquired by any investor using funds from its Singapore operations.

[S 52/2006 wef 01/01/2005]

(d) *[Deleted by S 52/2006 wef 01/01/2005]*

(2) For the purpose of paragraph (1)(a)(i), where interest on a qualifying debt security is derived —

(a) from funds managed —

- (i) before 3rd May 2002, by an Asian Currency Unit of a financial institution or a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or

section 43A of the Act; or

- (ii) on or after 3rd May 2002, by a fund manager in Singapore, by a foreign investor as defined in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);

[S 350/2005 wef 03/05/2002]

- (b) from funds managed by a headquarters company approved under section 43E of the Act, by its associated company outside Singapore approved under that section; or
- (c) from funds managed by a Finance and Treasury Centre approved under section 43G of the Act, by its associated company outside Singapore approved under that section,

that Asian Currency Unit of the financial institution, fund manager, headquarters company or Finance and Treasury Centre shall not be regarded as a permanent establishment of the foreign investor or approved associated company (as the case may be) solely by virtue of its management of funds on behalf of the foreign investor or approved associated company.

(3) In this regulation, “Asian Currency Unit” means an operational unit that was approved by the Monetary Authority of Singapore under section 77(5) of the Banking Act (Cap. 19) as in force immediately before 1 July 2021.

[S 490/2021 wef 01/07/2021]

Prescribed conditions for tax exemption on discount from qualifying debt securities

3A.—(1) The conditions referred to in section 13(1)(aa) of the Act are as follows:

- (a) the exemption from tax shall not apply —
 - (i) to any discount derived by a permanent establishment in Singapore;
- (ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where any discount is derived from any qualifying debt securities which —
 - (A) are issued during the period from 27th February 2004 to 16th February 2006 and which mature within one year from the date of issue of those securities; or

[S 99/2007 wef 17/02/2006]