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**No. S 852**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX  
(CONCESSIONARY RATE OF TAX FOR  
GLOBAL TRADING COMPANIES)  
(AMENDMENT) REGULATIONS 2021**

In exercise of the powers conferred by section 43P(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 Global Trading Companies) (Amendment) Regulations 2021 and come into operation on 8 November 2021.

**Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Global Trading Companies Regulations 2016 (G.N. No. S 341/2016) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “approved global trading company” in paragraph (1), the following definitions:

““associated company”, in relation to an approved global trading company, means a company that is associated with the approved global trading company under regulation 2A;

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

(b) by inserting, immediately after the definition of “carbon credit” in paragraph (1), the following definition:

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““collective investment scheme” has the meaning given by section 2(1) of the Securities and Futures Act (Cap. 289);”;

(c) by deleting the words “the Schedule” in the definition of “commodity” in paragraph (1) and substituting the words “the First Schedule”;

(d) by deleting the full-stop at the end of the definition of “physical trading” in paragraph (1) and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

““prescribed advisory services in relation to mergers and acquisitions” means advisory services provided by an approved global trading company to any of its associated companies in relation to any merger and acquisition that involves the associated company or another associated company of the approved global trading company;

“prescribed qualifying structured commodity financing activities” means any activity specified in the Second Schedule;

“prescribed treasury activities” means —

(a) the provision of services in relation to the consolidation, management and distribution of funds by an approved global trading company to any of its associated companies; and

(b) the following activities carried out by an approved global trading company on its own account:

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

- (ii) transacting or investing in certificates of deposits, notes, bonds, treasury bills, commercial papers, AT1 instruments and units in a collective investment scheme (excluding any collective investment scheme constituted as a unit trust) issued or operated by —
  - (A) the Government or any foreign government;
  - (B) a bank that holds a licence under section 7 or 79 of the Banking Act (Cap. 19);
  - (C) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;
  - (D) a bank outside Singapore; or
  - (E) a company;
- (iii) investing in deposits held in Singapore with any financial institution in Singapore, or in deposits held outside Singapore with any financial institution outside Singapore;
- (iv) foreign exchange transactions;
- (v) re invoicing activities for its associated companies;

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- (vi) providing credit facilities to its associated companies;
  - (vii) transactions involving derivatives (including transactions involving interest rate or currency swaps and transactions in financial futures contracts or options) entered into with —
    - (A) any bank outside Singapore;
    - (B) any bank that holds a licence under section 7 or 79 of the Banking Act;
    - (C) any merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;
    - (D) its associated companies; or
    - (E) a member of any exchange;
  - (viii) 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 sub-paragraph (i), (ii), (iii), (iv) or (vii);

“unit” and “unit trust” have the meanings given by section 10B(2) of the Act.”; and

(e) by deleting paragraph (2) and substituting the following paragraph:

“(2) In these Regulations —

- (a) a commodity; or
- (b) a prescribed qualifying structured commodity financing activity, prescribed treasury activity or prescribed advisory service in relation to mergers and acquisitions,

is specified for an approved global trading company if it is specified under regulation 3(1)(b) for the company.”.

### **New regulation 2A**

3. The principal Regulations are amended by inserting, immediately after regulation 2, the following regulation:

#### **“Association**

**2A.**—(1) In these Regulations, a company (*X*) is associated with an approved global trading company (*Y*) if the requirement relating to the control of operations mentioned in paragraph (2), or the beneficial ownership of issued shares mentioned in paragraph (3), is satisfied.

(2) The requirement relating to the control of operations is any of the following:

- (a) *X* controls or can control the operations of *Y*;
- (b) *Y* controls or can control the operations of *X*;
- (c) one other person controls or can control, or 2 or more other persons together control or can control, the operations of both *X* and *Y*.

(3) The requirement relating to the beneficial ownership of issued shares is any of the following:

- (a) *X* beneficially owns at least 25% of the total number of the issued shares of *Y*;