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INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(EXEMPTION AND CONCESSIONARY TAX RATE FOR
INCOME FROM GENERAL INSURANCE BUSINESS)
(AMENDMENT) REGULATIONS 2021

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

Citation and commencement

1. These Regulations are the Income Tax (Exemption and Concessionary Tax Rate for Income from General Insurance Business) (Amendment) Regulations 2021 and come into operation on 1 July 2021.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Exemption and Concessionary Tax Rate for Income from General Insurance Business) Regulations (Rg 26) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “approved specialised insurer”, the following definition:

““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;”;

(b) by inserting, immediately after the definition of “capital allowances”, the following definition:

““captive general business” means the general business of an approved captive insurer which consists of risks of its related companies, including third-party risks underwritten in the course of and incidental to that business;”;

(c) by inserting, immediately after the definition of “catastrophe excess of loss policy”, the following definitions:

““deposit” has the meaning given by section 4B(4) of the Banking Act;

“direct stand-alone policy” means a direct insurance policy that a person purchases to cover one or more of the following risks (and not any other risk):

(a) fire risk;

(b) motor risk;

(c) work injury compensation risk;

(d) personal accident risk;

(e) health risk;

“dividends”, in relation to income derived on or after 1 July 2021, means dividends paid by a company, other than those exempt from tax under section 13(1)(za), (8) or (12) of the Act;

“general business” has the meaning given by section 2(1)(b) of the Insurance Act (Cap. 142);”;

(d) by inserting, immediately after the definition of “interest from ACU deposits”, the following definition:

““life business” has the meaning given by section 2(1)(a) of the Insurance Act;”;

(e) by inserting, immediately after the definition of “marine hull and liability insurance and reinsurance business”, the following definition:

““offshore captive general business” means captive general business concerned with offshore risks;”;

(f) by inserting, immediately after the definition of “offshore captive insurance business”, the following definition:

““offshore general business” means general business concerned with offshore risks;”;

(g) by inserting, immediately after the definition of “offshore qualifying specialised insurance risk”, the following definitions:

““offshore risk” has the meaning given by section 26(12) of the Act;

“offshore specialised insurance business” means specialised insurance business concerned with offshore risks;

“offshore specialised insurance risk” means a specialised insurance risk that is an offshore risk;

“prescribed asset or project” means an infrastructure asset or project prescribed in regulation 5 of the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (G.N. No. S 315/2008);

“qualifying interest” means —

(a) any interest derived from a deposit held in a bank;

(b) any interest derived from a certificate of deposit issued by a bank; or

(c) any interest derived from debt securities, other than interest that is exempt from tax under section 13(1)(b)(i) or (bc)(i) of the Act, or an amount that is exempt from

tax under section 13(1)(*bd*) of the Act;

“qualifying investment” means —

- (a) any stock or share of a company;
 - (b) securities (other than stocks and shares), bonds, notes, certificates of deposits or treasury bills that are issued by a government, bank or company;
 - (c) any futures contract traded on a future exchange; or
 - (d) any investment in a prescribed asset or project;”;
- (h) by deleting the full-stop at the end of the definition of “qualifying specialised insurance risk” and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

““related company”, in relation to an approved captive insurer, means a company that is deemed to be related to the insurer under section 6 of the Companies Act (Cap. 50);

“specialised insurance business” means the business of insuring and reinsuring specialised insurance risks;

“specialised insurance risk” means any of the following risks:

- (a) any terrorism risk;
- (b) any political risk;
- (c) any energy risk;
- (d) any aviation and aerospace risk;
- (e) any agriculture risk;

(f) any risk arising from a natural catastrophe;

“specified captive business” means the business of an approved captive insurer underwriting either or both of the following:

(a) policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, its captive general business;

(b) direct stand-alone policies;

“specified general business” means the business of an approved insurer underwriting direct stand-alone policies.”.

Amendment of regulation 5

3. Regulation 5 of the principal Regulations is amended —

(a) by inserting, immediately after the words “following income derived” in paragraph (1), the words “before 1 July 2021”; and

(b) by inserting, immediately after the word “for” in the regulation heading, the words “income derived before 1 July 2021 of”.

New regulation 5A

4. The principal Regulations are amended by inserting, immediately after regulation 5, the following regulation:

“Concessionary rate of tax for income derived on or after 1 July 2021 of approved insurer

5A.—(1) Tax is payable at the rate of 10% on the income mentioned in paragraph (2) derived on or after 1 July 2021 by an approved insurer in a basis period for any year of assessment.