
First published in the Government *Gazette*, Electronic Edition, on 2 September 2020 at 5 pm.

No. S 745

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INTEREST AND OTHER PAYMENTS FOR ECONOMIC AND TECHNOLOGICAL DEVELOPMENT) (AMENDMENT NO. 2) 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.—(1) This Notification is the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (Amendment No. 2) Notification 2020 and, except for paragraphs 2(a), (c), (e), (f), (h) and (j), 3(a), (b), (c), (d), (f), (g) and (h), 4(a), (b), (d), (e), (g), (i), (k), (l) and (m), 5, 6(a) to (d), (f), (g), (h) and (j) and 7, is deemed to have come into operation on 1 October 2015.

(2) Paragraphs 2(a), (c) and (f), 3(a), (b), (d) and (h), 4(a), (i), (k) and (m) and 6(a), (b), (c), (h) and (j) are deemed to have come into operation on 28 October 2003.

(3) Paragraphs 3(c), (f) and (g), 4(b), (d), (e), (g) and (l) and 6(d), (f) and (g) are deemed to have come into operation on 18 February 2005.

(4) Paragraph 7 is deemed to have come into operation on 25 March 2016.

(5) Paragraph 2(h) and (j) is deemed to have come into operation on 10 March 2017.

(6) Paragraphs 2(e) and 5 are deemed to have come into operation on 1 January 2019.

Amendment of paragraph 2

2. Paragraph 2 of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) (No. 2) Notification 2003 (G.N. No. S 499/2003) (called in this Notification the principal Notification) is amended —

(a) by deleting the definition of “approved Finance and Treasury Centre” and substituting the following definition:

““approved Finance and Treasury Centre”, in relation to a company, means a Finance and Treasury Centre of the company, being a Finance and Treasury Centre that is approved for the purposes of section 43G of the Act;”;

(b) by deleting the definition of “approved headquarters company”;

(c) by inserting, immediately before the definition of “bond”, the following definition:

““approved office or approved associated company” —

(a) in relation to an approved headquarters company, means an office, or an associated company as defined in section 43E(4) of the Act (as the case may be), that has been approved in relation to the headquarters company under section 43E(2)(a) of the Act for the application of the concessionary rate of tax in section 43E(1) of the Act to the headquarters company; and

(b) in relation to a company with an approved Finance and Treasury Centre, means an office, or an associated company as defined in section 43G(3) of the Act (as the

case may be), that has been approved in relation to the Centre under section 43G(2)(a) of the Act for the application of the concessionary rate of tax in section 43G(1) of the Act to the company;”;

- (d) by deleting the definition of “approved office or approved associated company” and substituting the following definition:

““approved office or approved associated company”, in relation to a company with an approved Finance and Treasury Centre, means an office, or an associated company as defined in section 43G(3) of the Act (as the case may be), that has been approved in relation to the Centre under section 43G(2)(a) of the Act for the application of the concessionary rate of tax in section 43G(1) of the Act to the company;”;

- (e) by deleting the definition of “bond” in sub-paragraph (1);
- (f) by deleting the definitions of “office” and “associated company”;
- (g) by deleting the words “, in relation to an approved Finance and Treasury Centre,” in the definitions of “qualifying activities” and “qualifying services”;
- (h) by deleting the definitions of “qualifying activities” and “qualifying services”;
- (i) by deleting the definitions of “qualifying services” and “qualifying treasury, investment or financial activities”; and
- (j) by renumbering the paragraph as sub-paragraph (1) of that paragraph, and by inserting immediately thereafter the following sub-paragraph:

“(2) In this Notification —

- (a) the qualifying activities or qualifying services of an approved Finance and Treasury Centre whose approval is given or extended before 21 February 2017 are, during the period for which the approval was given or extended, the “qualifying activities” or “qualifying services” (as the case may be) as defined in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations (Rg 18); and
- (b) the qualifying activities or qualifying services of an approved Finance and Treasury Centre whose approval is given or extended on or after 21 February 2017 are, during the period for which the approval was given or extended, the “qualifying activities” or “qualifying services” (as the case may be) as defined in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations 2017 (G.N. No. S 88/2017).”.

Amendment of paragraph 3

3. Paragraph 3 of the principal Notification is amended —

- (a) by deleting the words “or such person as he may appoint for the purpose of this Notification” in sub-paragraph (1);
- (b) by deleting the words “which a company for the time being approved as an approved headquarters company or an approved Finance and Treasury Centre (as the case may be)” in sub-paragraph (1) and substituting the words “that an approved headquarters company, or a company with an approved Finance and Treasury Centre,”;

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- (c) by deleting the words “, or a company with an approved Finance and Treasury Centre, is liable to pay on or after 5th September 2000” in sub-paragraph (1) and substituting the words “is liable to pay on or after 5 September 2000, or that a company with an approved Finance and Treasury Centre is liable to pay on or after 5 September 2000 but before 18 February 2005,”;
- (d) by deleting sub-paragraph (i) of sub-paragraph (1)(b) and substituting the following sub-paragraph:
- “(i) any approved office or approved associated company outside Singapore;”;
- (e) by deleting sub-paragraph (1);
- (f) by inserting, immediately before sub-paragraph (2), the following sub-paragraph:
- “(1A) Subject to sub-paragraph (2) and such conditions as may be imposed by the Minister, the interest that a company with an approved Finance and Treasury Centre is liable to pay on or after 18 February 2005 on any loan, is exempt from tax if the loan is from —
- (a) any approved office or approved associated company outside Singapore;
- (b) any bank outside Singapore; or
- (c) any non-bank financial institution outside Singapore which is not its office or associated company.”;
- (g) by inserting, immediately after the words “sub-paragraph (1)” in sub-paragraph (2), the words “or (1A)”;
- (h) by deleting sub-paragraph (b) of sub-paragraph (2) and substituting the following sub-paragraph:
- “(b) in the case of a company with an approved Finance and Treasury Centre, for the