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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION AND CONCESSIONARY TAX RATE FOR INCOME FROM GENERAL INSURANCE BUSINESS) (AMENDMENT) REGULATIONS 2017

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.—(1) These Regulations are the Income Tax (Exemption and Concessionary Tax Rate for Income from General Insurance Business) (Amendment) Regulations 2017 and, except for regulations 2(c), 3, 5(c) and 10(b), are deemed to have come into operation on 1 April 2016.

(2) Regulation 3 is deemed to have come into operation on 1 April 2015.

(3) Regulations 2(c), 5(c) and 10(b) come into operation on 26 October 2017.

Amendment of regulation 2

2. Regulation 2 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 deleting the definition of “offshore qualifying specialised insurance risks” in paragraph (1) and substituting the following definition:

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

- (b) by deleting the full-stop at the end of the definition of “qualifying return in lieu of interest” in paragraph (1) and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

““qualifying specialised insurance business” means the business of insuring and reinsuring one or more qualifying specialised insurance risks;

“qualifying 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.”; and

- (c) by deleting paragraph (2) and substituting the following paragraph:

“(2) In these Regulations, a reference to insuring, reinsuring or underwriting a qualifying specialised insurance risk that is a risk arising from a natural catastrophe is a reference to reinsuring such risk by means of a catastrophe excess of loss policy.”.

Amendment of regulation 3

3. Regulation 3(1) of the principal Regulations is amended by deleting the words “1st April 2010 to 31st March 2015,” and substituting the words “1 April 2010 to 31 March 2020 (both dates inclusive)”.

Amendment of regulation 4

4. Regulation 4 of the principal Regulations is amended —
- (a) by deleting the words “31st March 2016” in paragraph (2) and substituting the words “31 March 2020”; and
 - (b) by deleting paragraph (3) and substituting the following paragraph:
 - “(3) Any approval granted under paragraph (1) is for —
 - (a) such period not exceeding 10 years as the Minister or such person as the Minister may appoint may specify, if the approval is granted before 1 April 2016; or
 - (b) a period of 5 years, if the approval is granted on or after 1 April 2016.”.

Amendment of regulation 4A

5. Regulation 4A of the principal Regulations is amended —
- (a) by deleting the words “17th February 2006 to 31st March 2018,” in paragraph (1) and substituting the words “17 February 2006 to 31 March 2020 (both dates inclusive)”;
 - (b) by deleting paragraph (2) and substituting the following paragraph:
 - “(2) Any approval granted under paragraph (1) is for —
 - (a) such period not exceeding 10 years as the Minister or such person as the Minister may appoint may specify, if the approval is granted before 1 April 2018; or
 - (b) a period of 5 years, if the approval is granted on or after 1 April 2018.”; and
 - (c) by deleting paragraph (3) and substituting the following paragraph:

“(3) No approval may be given under paragraph (1) unless, at the time of such approval, all the functions in the following sub-paragraphs are undertaken by the captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

- (a) either or both of the following:
 - (i) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act (Cap. 142);
 - (ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act (Cap. 186);
- (b) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act (Cap. 50);
- (c) the day-to-day management of the captive insurer’s business.”.

Amendment of regulation 4B

6. Regulation 4B of the principal Regulations is amended —

- (a) by inserting, immediately after paragraph (1), the following paragraph:

“(1A) The Minister or such person as the Minister may appoint may, upon application by any insurer underwriting one or more qualifying specialised insurance risks (whether or not an offshore qualifying specialised insurance risk), and if the Minister or the person considers it expedient in the public interest to do so, during the period from

1 September 2016 to 31 August 2021 (both dates inclusive) approve the insurer as an approved specialised insurer.”; and

- (b) by inserting, immediately after paragraph (2), the following paragraph:

“(3) Any approval granted under paragraph (1A) is for a period of 5 years.”.

Amendment of regulation 5B

7. Regulation 5B of the principal Regulations is amended —

- (a) by deleting the words “this regulation” in paragraph (1) and substituting the words “this paragraph”; and
- (b) by deleting paragraph (2) and substituting the following paragraphs:

“(2) Paragraph (1) applies to an approved marine hull and liability insurer —

- (a) who had, at any time before 19 February 2011, been approved as an approved marine hull and liability insurer under regulation 4 and the approval had since expired;
- (b) who had been approved again as an approved marine hull and liability insurer under regulation 4 between 19 February 2011 and 31 March 2016 (both dates inclusive); and
- (c) who does not satisfy the qualifying conditions which the Minister or such person as the Minister may appoint imposes for the purposes of regulation 7.

(2A) Tax is payable at the rate of 10% on the income specified in paragraph (1)(a) and (b) that is derived by an approved marine hull and liability insurer in a basis period for any year of assessment, if the insurer’s approval is granted on or after 1 April 2016.”.