
First published in the *Government Gazette*, Electronic Edition, on 9th April 2013 at 5.00 pm.

No. S 213

INCOME TAX ACT
(CHAPTER 134)

INCOME TAX
(CONCESSIONARY RATE OF TAX FOR
APPROVED OFFSHORE GENERAL INSURERS)
(AMENDMENT) REGULATIONS 2013

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

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurers) (Amendment) Regulations 2013 and shall, with the exception of regulations 4 and 5, be deemed to have come into operation on 19th February 2011.

(2) Regulation 4 shall be deemed to have come into operation on 16th February 2011.

(3) Regulation 5 shall be deemed to have come into operation on 31st August 2011.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurers) Regulations (Rg 26) (referred to in these Regulations as the principal Regulations) is amended —

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

““general insurance business” means the business (other than the business of life assurance) of insuring and reinsuring any risk, including offshore risks;”;

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- (b) by deleting the word “and” at the end of paragraph (c) of the definition of “offshore qualifying specialised insurance risks”; and
 - (c) by inserting, at the end of paragraph (d) of the definition of “offshore qualifying specialised insurance risks”, the word “and”, and by inserting immediately thereafter the following paragraph:
 - “(e) agriculture risks;”.

Deletion and substitution of regulation 4

3. Regulation 4 of the principal Regulations is deleted and the following regulation substituted therefor:

“Approval of marine hull and liability insurer

4.—(1) The Minister or such person as he may appoint may, upon application by any insurer carrying on marine hull and liability business and if he considers it expedient in the public interest to do so, approve the insurer as an approved marine hull and liability insurer.

(2) No approval shall be granted under paragraph (1) after 31st March 2016.

(3) Any approval under paragraph (1) shall be for such period not exceeding 10 years as the Minister or such person as he may appoint may specify.”.

Amendment of regulation 4A

4. Regulation 4A(1) of the principal Regulations is amended by deleting the words “16th February 2011” and substituting the words “31st March 2018”.

Amendment of regulation 4B

5. Regulation 4B(1) of the principal Regulations is amended by deleting the words “31st August 2011” and substituting the words “31st August 2016”.

Amendment of regulation 5

6. Regulation 5(1) of the principal Regulations is amended by deleting the words “Subject to regulation 5A, 7, 7A or 7B, tax” and substituting the word “Tax”.

Amendment of regulation 5A

7. Regulation 5A(1) of the principal Regulations is amended by deleting the words “Notwithstanding regulation 5 and subject to regulations 7, 7A and 7B, tax” and substituting the word “Tax”.

New regulation 5B

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

“Concessionary rate of tax for income of approved marine hull and liability insurer

5B.—(1) Tax shall be payable at the rate of 5% on the following income derived by an approved marine hull and liability insurer to which this regulation applies, during the basis period for a year of assessment:

- (a) the underwriting income derived from carrying on marine hull and liability business; and
- (b) the amount of income derived from carrying on marine hull and liability business ascertained by the formula —

$$\left(\frac{P_m}{P_o} \times A \right) + \left[\frac{P_n}{P_i} \times (B - A) \right],$$

where P_m is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore marine hull and liability business;

P_n is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its marine hull and liability business (other than offshore marine hull and liability business);

P_o is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its offshore general insurance business;

P_i is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from its general insurance business (other than offshore general insurance business);

A is the total amount of its income referred to in regulation 5(1)(b) derived during the basis period; and

B is the total amount of —

- (a) the dividends and interest it derived from outside Singapore;
- (b) the gains or profits it realised from the sale of its offshore investments; and
- (c) the interest from ACU deposits it derived,

during the basis period from —

- (i) the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for its general insurance business; and
- (ii) the investment of its shareholders' funds established in Singapore which are used to support its general insurance business,

where the reference to the amount of gains or profits realised by the approved marine hull and liability insurer from the sale of its offshore investments is a reference to the amount (after deducting losses from the gains