

**Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurers) (Amendment) Regulations 2010**

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**No. S 746**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE  
GENERAL INSURERS) (AMENDMENT) REGULATIONS 2010**

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. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurers) (Amendment) Regulations 2010 and shall be deemed to have come into operation on 1st April 2008.

### **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 “approved specialised insurer”, the following definition:

“ “approved takaful insurer” means any insurer approved under regulation 4C;” and

(b) by deleting the full-stop at the end of the definition of “offshore qualifying specialised insurance risks” and substituting a semi-colon, and by inserting immediately thereafter the following definition:

“ “qualifying return in lieu of interest” means any return in lieu of interest from investing in products endorsed by any Shari’ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari’ah law.”.

### **New regulation 4C**

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

#### **“Approval of takaful insurer**

4C.—(1) The Minister or such person as he may appoint may, upon application by any insurer registered under the Insurance Act (Cap. 142) to carry on general takaful business and if he considers it expedient in the public interest to do so, during the period from 1st April 2008 to 31st March 2013, approve the insurer as an approved takaful insurer for the purposes of these Regulations.

(2) Any approval under paragraph (1) shall be for such period not exceeding 5 years as is specified by the Minister or the person appointed under paragraph (1).”.

## Amendment of regulation 5

4. Regulation 5 of the principal Regulations is amended —

- (a) by deleting the words “regulation 7” in paragraph (1) and substituting the words “regulation 5A, 7”; and
- (b) by deleting the regulation heading and substituting the following regulation heading:

**“Concessionary rate of tax for approved insurer”.**

## New regulation 5A

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

### **“Concessionary rate of tax for income of approved takaful insurer**

**5A.—**(1) Notwithstanding regulation 5 and subject to regulations 7, 7A and 7B, tax shall be payable at the rate of 5% on the following income derived by an approved takaful insurer:

- (a) the income derived from accepting general takaful business covering offshore risks and general re-takaful business covering offshore risks; and
- (b) the dividends and qualifying return in lieu of interest derived from outside Singapore, the gains or profits realised from the sale of offshore investments, and qualifying return in lieu of interest from ACU deposits derived from —
  - (i) subject to paragraph (2), the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for the offshore general takaful business; and
  - (ii) the investment of its shareholders’ funds established in Singapore which are used to support the offshore general takaful business as ascertained under regulation 6A.

(2) Where the Comptroller is satisfied that any part of the insurance fund referred to in sub-paragraph (b)(i) of paragraph (1) is not required to support the offshore general takaful business of an approved takaful insurer, he may adopt such reduced amount of the dividends, qualifying return in lieu of interest and gains or profits under that sub-paragraph as appears to him to be reasonable in the circumstances.”.