

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

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No. S 748

**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE
LIFE 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 Life 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 Life Insurers) Regulations (Rg 28) (referred to in these Regulations as the principal Regulations) is amended —

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

“ “approved takaful insurer” means any insurer approved under regulation 3B;” and

(b) by deleting the full-stop at the end of the definition of “participating policy” 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 3B

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

“Approval of takaful insurer

3B.—(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 life 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 4

4. Regulation 4 of the principal Regulations is amended —

- (a) by deleting the word “Tax” in paragraph (1) and substituting the words “Subject to regulations 4A and 5A, tax”; and
- (b) by deleting the regulation heading and substituting the following regulation heading:

“Concessionary rate of tax for approved insurer”.

New regulation 4A

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

“Concessionary rate of tax for income of approved takaful insurer

4A.—(1) Notwithstanding regulation 4 and subject to regulation 5A, tax shall be payable at the rate of 5% on the following income derived by an approved takaful insurer:

- (a) the amount referred to in section 26(7)(a)(i) of the Act in respect of offshore life takaful (but excluding the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established under the Insurance Act relating to offshore life takaful contracts); 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 life takaful business; and
 - (ii) the investment of its shareholders’ funds established in Singapore which are used to support the offshore life takaful business as ascertained under regulation 5C.

(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 life takaful business of an approved takaful insurer, he may adopt such