

Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) (Amendment) Regulations 2009

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No. S 80

INCOME TAX ACT

(CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE COMPOSITE INSURANCE COMPANIES) (AMENDMENT) REGULATIONS 2009

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 Composite Insurance Companies) (Amendment) Regulations 2009.

(2) Regulation 5 shall be deemed to have come into operation on 2nd June 2005.

(3) Regulations 4(a), (c) and (d), 6 (in relation to regulation 4A), 7(a) (in relation to regulation 7A), 8 (in relation to regulation 7A), 9 (in relation to an approved captive insurer, offshore captive insurance business and P_c) and 10(a) (in relation to an approved captive insurer), (b) (in relation to offshore captive insurance business), (c) (in relation to regulation 7A) and (e) (in relation to regulation 4A) shall be deemed to have come into operation on 17th February 2006.

(4) Regulations 4(b) and (f), 6 (in relation to regulation 4B), 7(a) (in relation to regulation 7B), 8 (in relation to regulation 7B), 9 (in relation to an approved specialised insurer, offshore qualifying specialised insurance business and P_s) and 10(a) (in relation to an approved specialised insurer), (b) (in relation to offshore qualifying specialised insurance business), (c) (in relation to regulation 7B) and (e) (in relation to regulation 4B) shall be deemed to have come into operation on 1st September 2006.

(5) Regulations 2, 3 and 12 shall have effect for the year of assessment 2005 and the subsequent years of assessment.

(6) Regulations 4(e) and (g), 7(b) and 11 shall have effect for the year of assessment 2006 and the subsequent years of assessment.

Amendment of title

2. The Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) Regulations (Rg 27) (referred to in these Regulations as the principal Regulations) are amended by deleting the words “INSURANCE COMPANIES” in the title and substituting the word “INSURERS”.

Amendment of regulation 1

3. Regulation 1 of the principal Regulations is amended by deleting the words “Insurance Companies” and substituting the word “Insurers”.

Amendment of regulation 2

4. Regulation 2 of the principal Regulations is amended —

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

“ “approved captive insurer” means any captive insurer approved under regulation 4A;”;

- (b) by inserting, immediately after the definition of “approved marine hull and liability insurer”, the following definition:

“ “approved specialised insurer” means any insurer approved under regulation 4B;”;

- (c) by inserting, immediately after the definition of “capital allowances”, the following definition:

“ “captive insurer” has the same meaning as in section 1A of the Insurance Act (Cap. 142);”;

- (d) by inserting, immediately after the definition of “marine hull and liability business”, the following definition:

“ “offshore captive insurance business” means the offshore general insurance business and offshore life business in relation to the risks of related companies, including third party offshore risks underwritten in the course of and incidental to the captive insurance business;”;

- (e) by deleting the definitions of “ “offshore life business”, “offshore life insurance surplus” and “offshore life policies” ” and substituting the following definitions:

“ “offshore life business”, “offshore life policies” and “participating fund” have the same meanings as in section 26(12) of the Act;”;

- (f) by deleting the full-stop at the end of the definition of “offshore marine hull and liability business” and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

“ “offshore qualifying specialised insurance business” means the business of insuring and reinsuring offshore qualifying specialised insurance risks;

“offshore qualifying specialised insurance risks” means —

- (a) terrorism risks;
- (b) political risks;
- (c) energy risks; and
- (d) aviation and aerospace risks;”;

(g) by inserting, immediately after the definition of “offshore qualifying specialised insurance risks”, the following definition:

“ “participating policy” has the same meaning as in paragraph 6A of the First Schedule to the Insurance Act.”.

Deletion and substitution of regulation 3

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

“Approval of insurer

3. 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 both general insurance business and life insurance business and if he considers it expedient in the public interest to do so, approve the insurer as an approved insurer for the purposes of these Regulations.”.

New regulations 4A and 4B

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

“Approval of captive insurer

4A.—(1) The Minister or such person as he may appoint may, upon application by any captive insurer and if he considers it expedient in the public interest to do so, during the period from 17th February 2006 to 16th February 2011, approve the insurer as an approved captive insurer.

(2) 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.

Approval of specialised insurer

4B.—(1) The Minister or such person as he may appoint may, upon application by any insurer underwriting offshore qualifying specialised insurance risks and if he considers it expedient in the public interest to do so, during the period from 1st September 2006 to 31st August 2011 approve the insurer as an approved specialised insurer.

(2) Any approval under paragraph (1) shall be for such period not exceeding 5 years as the Minister or such person as he may appoint may specify.”.

Amendment of regulation 5

7. Regulation 5(1) of the principal Regulations is amended —

- (a) by inserting, immediately after the words “regulation 7”, the words “, 7A or 7B”; and
- (b) by deleting the words “offshore life surplus” in sub-paragraph (b) and substituting the words “income from insurance funds established and maintained for offshore life policies computed in accordance with section 26(7)(a)(i) of the Act”.

New regulations 7A and 7B

8. The principal Regulations are amended by inserting, immediately after regulation 7, the following regulations:

“Income of approved captive insurer exempt from tax

7A.—(1) There shall be exempt from tax the following income derived by an approved captive insurer (including one who is also an approved insurer) for the basis period for any year of assessment:

- (a) the underwriting income derived from accepting general insurance covering offshore risks (excluding amounts derived from policies covering third party offshore risks not underwritten in the course of, nor incidental to, its captive insurance business);
- (b) income derived from accepting offshore life insurance as computed in accordance with section 26(7)(a)(i) of the Act, excluding —
 - (i) amounts derived from offshore life policies covering third