

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

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No. S 81

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE LIFE 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 Life Insurance Companies) (Amendment) Regulations 2009.

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

(3) Regulations 4(a), (b) and (c), 6, 8 (except in relation to regulation 5B(2)) and 9(b) shall be deemed to have come into operation on 17th February 2006.

(4) Regulations 2, 3, 9(a) and 11 shall have effect for the year of assessment 2005 and the subsequent years of assessment.

(5) Regulations 4(d) and (e), 7 and 10 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 Life Insurance Companies) Regulations (Rg 28) (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 3A;”;

(b) 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);”;

- (c) by inserting, immediately after the definition of “interest from ACU deposits”, the following definition:

“ “offshore captive insurance business” means the 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;”;

- (d) 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;” and

- (e) by inserting, immediately after the definitions of “ “offshore life business”, “offshore life policies” and “participating fund” ”, 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 life insurance business only 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 regulation 3A

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

“Approval of captive insurer

3A.—(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 subsection (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 4

7. Regulation 4(1) of the principal Regulations is amended by deleting the words “offshore life insurance surplus” in sub-paragraph (a) and substituting the words “amount referred to in section 26(7)(a)(i) of the Act”.

New regulations 5A and 5B

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

“Income of approved captive insurer exempt from tax

5A.—(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) 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 parties which are not underwritten in the course of, nor incidental to, its captive insurance business; and
 - (ii) 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 (Cap. 142) relating to offshore life policies;
- (b) such part of the income referred to in regulation 4(1)(b) as is ascertained by the formula —