

Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) (Amendment) Regulations 2006

Table of Contents

Enacting Formula

1 Citation and commencement

2 Amendment of regulation 2

3 Amendment of regulation 4

4 Amendment of regulation 5

5 Amendment of regulation 6

6 Amendment of regulation 7

7 Amendment of regulation 10

No. S 260

**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR FINANCIAL SECTOR
INCENTIVE COMPANIES) (AMENDMENT) REGULATIONS 2006**

In exercise of the powers conferred by section 43Q 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 Financial Sector Incentive Companies) (Amendment) Regulations 2006.

(2) Regulation 3(a) shall come into operation on 11th May 2006.

(3) Regulations 2 (a) and (e), 3 (b) to (e), 5, 6 (a) and (e) and 7 shall be deemed to have come into operation on 18th February 2005.

(4) Regulations 2 (b), (c) and (d), 4 and 6 (b), (c) and (d) shall be deemed to have come into operation on 30th January 2006.

Amendment of regulation 2

2. Regulation 2(1) of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2005 (G.N. No. S 735/2005) (referred to in these Regulations as the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “Approved Securities Company”, the following definition:

“ “approved start-up fund manager” has the same meaning as in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);”;

(b) by deleting the words “issued share capital of which is” in paragraphs (b) and (ii) of the definition of “foreign investor” and substituting in each case the words “total number of the issued shares of which are”;

(c) by deleting the words “issued share capital” in paragraph (i) (C) of the definition of “foreign investor” and substituting the words “total number of the issued shares”;

(d) by deleting the words “value of the shares of which is” in the definition of “foreign mutual fund corporation” and substituting the words “total number of the issued shares of which are”; and

(e) by inserting, immediately after the definition of “relevant foreign trust”, the following definition:

“ “securities lending or repurchase arrangement” has the same meaning as in section 10N of the Act;”.

Amendment of regulation 4

3. Regulation 4 of the principal Regulations is amended —

(a) by inserting, immediately after paragraph (1), the following paragraphs:

“(1A) Section 43N(2) of the Act and regulation 7 of the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations (Rg 32) shall apply, with the necessary modifications, to paragraph (1) in respect of the activity of investing in qualifying debt securities under sub-paragraph (c) of that paragraph.

(1B) For the purposes of paragraph (1A) —

- (a) the reference in section 43N(2) of the Act to the application of section 43N(1)(a), (aa) or (ab) of the Act; and
- (b) a reference in regulation 7 of the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations to the application of the concessionary rate of tax referred to in regulation 3 (aa), (ab) or (ac) of those Regulations,

shall each be read as a reference to the application of the rate of tax under paragraph (1).”;

- (b) by deleting the words “paragraph (1)” wherever they appear in paragraph (2) and substituting in each case the words “paragraphs (1), (2A), (2B) and (2C)”;
- (c) by deleting the words “paragraph (1)(g)” in paragraph (2)(a) and substituting the words “paragraphs (1)(g) and (2A)(a)”;
- (d) by inserting, immediately after paragraph (2), the following paragraphs:

“(2A) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company, derived on or after 18th February 2005 but before 1st January 2009, from —

- (a) granting any loan of any debt and equity securities under a securities lending or repurchase arrangement, other than a loan of —
 - (i) foreign debt securities;
 - (ii) foreign equity securities; or
 - (iii) stocks and shares of any company resident in Singapore which are not listed

on any stock exchange in Singapore or elsewhere; or

- (b) arranging any loan of any debt and equity securities under a securities lending or repurchase arrangement, other than —
 - (i) arranging a loan of stocks and shares of any company resident in Singapore which are not listed on any stock exchange in Singapore or elsewhere; or
 - (ii) arranging, on behalf of a foreign investor, a loan of designated securities to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company, where payment for the arrangement of the loan is not borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore.

(2B) Subject to this regulation, tax shall be payable at the rate of 10% on the income of a financial sector incentive (standard tier) company which is an approved start-up fund manager, derived during a period of 12 months from the date of the incorporation, by that company, of a fund in the form of a company not resident in Singapore, from —

- (a) managing the funds of the second-mentioned company for the purpose of any designated investment;
- (b) providing investment advisory services to the second-mentioned company in respect of designated investments; or
- (c) arranging, on behalf of the second-mentioned company, any loan of designated securities under a securities lending arrangement in writing to another financial sector incentive (standard tier) company or a financial sector incentive (fund management) company,

provided that —