

**Income Tax (Concessionary Rate of Tax for Equity Capital Market  
Intermediary) Regulations 2003**

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**No. S 638**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR EQUITY CAPITAL  
MARKET INTERMEDIARY) REGULATIONS 2003**

In exercise of the powers conferred by section 43A 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

Equity Capital Market Intermediary) Regulations 2003 and shall have effect for the year of assessment 2003 and subsequent years of assessment.

## Definitions

2. In these Regulations —

“Equity Capital Market Intermediary” means —

- (a) a financial institution with an Asian Currency Unit; or
- (b) a company holding a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities or that is exempted under that Act from holding such a licence,

that is approved or deemed to be approved for a period not exceeding 5 years under section 43A of the Act;

“foreign investor” —

- (a) in relation to an individual, means an individual who is neither a citizen of Singapore nor resident in Singapore and who is the beneficial owner of the funds —
  - (i) managed before 3rd May 2002 by a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; and
  - (ii) managed on or after 3rd May 2002 by any fund manager in Singapore;
- (b) in relation to a company, means a company not resident in Singapore where not more than 20% (excluding the total percentage owned directly by designated persons) of its issued share capital is beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore; and
- (c) in relation to a trust fund, means a trust fund where not more than 20% (excluding the total percentage held directly by designated persons) of the value of the fund is beneficially held, directly or indirectly, by persons who are not foreign investors referred to in paragraph (a) or (b);

“initial public offering” means a public offering of securities of a company, whose stocks or shares have not previously been listed on the Singapore Exchange, in conjunction with the listing of those securities on the Singapore Exchange, and includes a listing of securities of such a company on the Singapore Exchange

by way of an introduction;

“non-resident person” means a person who is not resident in Singapore.

### **Concessionary rate of 10% on income derived by Equity Capital Market Intermediary**

3.—(1) Tax shall be payable at the rate of 10% on the income derived by an Equity Capital Market Intermediary approved for securities trading or securities lending activities from the following:

- (a) subject to paragraph (3), services (including services as a broker, nominee or custodian) on behalf of a person who is neither resident in Singapore nor a permanent establishment in Singapore in connection with transactions relating to —
  - (i) stocks, shares, bonds and other securities which are —
    - (A) denominated in any foreign currency, and issued by a company which is neither incorporated in Singapore nor resident in Singapore; or
    - (B) listed on the Singapore Exchange in any foreign currency, and issued by a company which —
      - (BA) is incorporated in Singapore;
      - (BB) has at least 50% of its turnover derived from outside Singapore; and
      - (BC) is approved for the purpose of this regulation by the Minister or such person as he may appoint;
  - (ii) negotiable certificates of deposit denominated in any foreign currency;
  - (iii) Asian Dollar Bonds; or
  - (iv) bonds denominated in any foreign currency issued by any foreign government;
- (b) services as a broker on behalf of another Equity Capital Market Intermediary in connection with the sale of the securities specified in subparagraph (a) which are owned by that Equity Capital Market Intermediary to —
  - (i) a person who is neither resident in Singapore nor a permanent

- establishment in Singapore;
- (ii) another Equity Capital Market Intermediary approved for securities trading or securities lending activities; or
  - (iii) a foreign investor, in respect of any sale transacted —
    - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
    - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (c) services as a nominee or custodian on behalf of another Equity Capital Market Intermediary in connection with transactions relating to the securities specified in sub-paragraph (a) which are owned by that Equity Capital Market Intermediary;
- (d) the sale of stocks, shares, bonds and other securities referred to in sub-paragraph (a) to —
- (i) a person who is neither resident in Singapore nor a permanent establishment in Singapore;
  - (ii) another Equity Capital Market Intermediary approved for securities trading or securities lending activities; or
  - (iii) a foreign investor, in respect of any sale transacted —
    - (A) before 3rd May 2002 through a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A(1)(b) of the Act; or
    - (B) on or after 3rd May 2002 through a fund manager in Singapore;
- (e) the loan of securities specified in sub-paragraph (a)(i) or (iv) under a securities lending arrangement in writing to —
- (i) another Equity Capital Market Intermediary approved for securities trading or securities lending activities;