

Income Tax (Exemption of Income of Foreign Trusts) (Amendment) Regulations 2003

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No. S 350

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (EXEMPTION OF INCOME OF FOREIGN TRUSTS) (AMENDMENT) REGULATIONS 2003

In exercise of the powers conferred by section 13G 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 (Exemption of Income of Foreign Trusts) (Amendment) Regulations 2003.

(2) Regulations 2 (*a*), (*b*) and (*d*) and 4 shall have effect for the year of assessment 2003 and subsequent years of assessment.

(3) Regulations 2 (c), 3 and 5 shall be deemed to have come into operation on 2nd July 2002.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Exemption of Income of Foreign Trusts) Regulations (Rg 24) (referred to in these Regulations as the principal Regulations) is amended —

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

“ “administered by a trustee company” means —

- (a) the provision of services by a trustee company in its capacity as trustee of a foreign trust, including services provided as manager or administrator of an eligible holding company in relation to that foreign trust; or
- (b) the provision of services by a trustee company to a trustee of a foreign trust under a contract for services with that trustee, such services being all or any of the following:
 - (i) the establishing of a foreign trust or an eligible holding company;
 - (ii) the administration or management of a foreign trust or an eligible holding company;”;

- (b) by inserting, immediately after the definition of “designated investments”, the following definition:

“ “eligible holding company” means a company —

- (a) which is incorporated outside Singapore;
- (b) which is set up to hold assets of a foreign trust administered by a trustee company approved under section 43J of the Act;
- (c) whose operations consist solely of trading or making investments for the purpose of the

foreign trust;

- (d) which does not claim any relief under any arrangement made under section 49 of the Act or any tax credit under section 50A of the Act; and
 - (e) all the shares of which are held by the trustees of the foreign trust, or by their nominee;”;
- (c) by deleting the definition of “foreign trust” and substituting the following definition:

““foreign company” means a company which is neither incorporated nor resident in Singapore and —

- (a) where the company has not more than 50 shareholders, the whole of the issued capital of the company is beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore; and
 - (b) where the company has more than 50 shareholders, not less than 95% of the issued capital of the company is beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;”;
- (d) by inserting, immediately before the definition of “specified income”, the following definition:

““nominee” means any person who acts as a nominee or custodian in relation to shares of an eligible holding company for and on behalf of the trustees of a foreign trust;”;

- (e) by deleting the words “section 13(6)” in paragraph (b) of the definition of “specified income” and substituting the words “section 13(13)”.

New regulation 2A

3. The principal Regulations are amended by inserting, immediately after