

**Income Tax (Concessionary Rate of Tax for Approved Fund Managers)
(Amendment) Regulations 1999**

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No. S 480

**INCOME TAX ACT
CHAPTER 134**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED FUND
MANAGERS) (AMENDMENT) REGULATIONS 1999**

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.—(1) These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) (Amendment) Regulations 1999.

(2) Regulations 3(a), (b) and (e), 4 and 5 of these Regulations shall have effect for the year of assessment 1998 and subsequent years of assessment.

(3) Regulations 2 and 3(c) and (d) of these Regulations shall have effect for the year of assessment 1999 and subsequent years of assessment.

Deletion and substitution of regulations 3, 4 and 5

2. The Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7) (referred to in these Regulations as the principal Regulations) are amended by deleting regulations 3, 4 and 5 and substituting the following regulations:

“Computation of income of approved Fund Manager from managing funds of certain foreign investors

3. Where a foreign investor is —

- (a) a company referred to in paragraph (b) of the definition of “foreign investor” in regulation 6 in which any designated person is a shareholder and more than 20% of its issued capital is beneficially owned, directly or indirectly, by persons who are not foreign investors referred to in paragraph (a) or (b) of that definition and by designated persons; or
- (b) a trust fund referred to in paragraph (c) of the definition of “foreign investor” in regulation 6 in which any designated person is a beneficiary and more than 20% 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) of that definition and by designated persons,

the amount of fees and commissions which is chargeable to tax at the concessionary rate of 10% under regulation 2 shall be computed in accordance with the formula —



where A is the amount of issued capital of the company or the value of the trust fund, as the case may be, which is not beneficially owned or held, directly or indirectly, by persons who are not foreign investors referred to in paragraph (a) or (b) of the definition of “foreign investor” in regulation 6 or by designated persons;

B is the amount of issued capital of the company or

the value of the trust fund, as the case may be;

C is the amount of fees and commissions derived from the provision of the services referred to in regulation 2(a), (b) and (c) to the foreign investor.

Tax exemption on income derived by approved Fund Manager

4.—(1) Notwithstanding regulation 2, the Minister (or such person as he may appoint) may, subject to such conditions as he may impose, exempt from tax the fees and commissions derived by a Fund Manager approved under section 43A of the Act from the activities described in regulation 2 if he is of the opinion that such exemption from tax will promote or enhance the economic development of Singapore.

(2) Where the activities described in regulation 2 are in respect of a foreign investor which is a company or a trust fund referred to in regulation 3, the amount of fees and commissions to be exempted from tax under paragraph (1) shall be computed in accordance with the formula specified in that regulation.

(3) The exemption from tax under paragraph (1) shall be for such period (referred to in these Regulations as the tax exempt period), not exceeding 10 years, as the Minister (or such person as he may appoint) may specify, and shall apply only to Fund Managers approved under section 43A from 28th February 1998 to 27th February 2003.

Tax exemption on income derived by approved Fund Manager (year of assessment 1998 only)

5.—(1) Notwithstanding regulation 2, the fees and commissions derived by a Fund Manager approved under section 43A of the Act from the activities described in regulation 2 shall be exempt from tax for the year of assessment 1998, if the following conditions are satisfied —

- (a) the average monthly value of the funds of foreign investors managed by the approved Fund Manager in the basis period for that year of assessment is not less than \$10,000 million;
- (b) the Fund Manager has employed not less than 7 professional fund managers or analysts throughout the basis period for that year of assessment; and
- (c) the Fund Manager has been approved under section 43A of the Act