

Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) (Amendment) Regulations 1999

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No. S 514

**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE
COMPOSITE INSURANCE COMPANIES) (AMENDMENT) REGULATIONS 1999**

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.** These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for

Approved Offshore Composite Insurance Companies) (Amendment) Regulations 1999 and shall have effect for the year of assessment 1999 and subsequent years of assessment.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Offshore Composite Insurance Companies) Regulations (Rg 27) (referred to in these Regulations as the principal Regulations) is amended —

- (a) by inserting, immediately after the definition of “approved insurance company”, the following definition:

““approved marine hull and liability insurer” means any insurance company approved under regulation 3A;”;

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

““offshore marine hull and liability business” means the business of insuring and reinsuring offshore risks involving marine hull and liability but excludes cargo, energy and aviation risks;”.

New regulation 3A

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

“Approval of marine hull and liability insurer

3A. The Minister or such person as he may appoint may, upon application by any approved insurance company and if he considers it expedient in the public interest to do so, approve the insurance company as an approved marine hull and liability insurer for such period not exceeding 10 years as he may specify.”.

Amendment of regulation 4

4. Regulation 4 (1) of the principal Regulations is amended by deleting the word “Tax” and substituting the words “Subject to regulation 5A, tax”.

New regulation 5A

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

“Exemption from income tax

5A. Notwithstanding regulation 4, there shall be exempt from tax the following income derived by an approved marine hull and liability insurer for the basis period for any year of assessment:

- (a) the underwriting income derived from accepting offshore marine hull and liability business;
- (b) such part of the income derived from the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for the offshore general insurance business as is ascertained by the formula —

$$\frac{P_m}{P_o} \times A,$$

where P_m is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved marine hull and liability insurer in the course of carrying on its business in Singapore from the offshore marine hull and liability business;

P_o has the same meaning as in regulation 5(1); and

A is the total amount of dividends and interest derived from outside Singapore, gains or profits realised from the sale of offshore investments, and interest from ACU deposits derived from the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for the offshore general insurance business for the basis period ascertained in accordance with regulation 4(1)(c)(i); and

- (c) such part of the income referred to in regulation 4(1)(c)(ii) as is ascertained by the formula —

$$\frac{P_m}{P_o + P_{oL}} \times B,$$

where P_m Has the same meaning as in paragraph (b);

P_o and P_{oL} Have the same meanings as in regulation 5(1); and

B Is the total amount of the income referred to in