

**Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income)  
(Amendment) Regulations 1999**

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**No. S 511**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR ASIAN CURRENCY UNIT  
INCOME) (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 Asian Currency Unit Income) (Amendment) Regulations 1999.

(2) Regulations 2(*a*), (*b*), (*e*) and (*f*), 3(*c*), (*d*), (*h*) and (*i*), 6(*b*) and (*e*) and 7 of these Regulations shall have effect for the year of assessment 1998 and subsequent years of assessment.

(3) Regulations 2(*c*) and (*d*), 4 and 6(*d*), (*f*), (*h*) and (*k*) of these Regulations shall have effect for the year of assessment 1999 and subsequent years of assessment.

(4) Regulation 3(*e*) of these Regulations shall have effect for the year of assessment 2000 and subsequent years of assessment.

## **Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10) (referred to in these Regulations as the principal Regulations) is amended —

(*a*) by deleting the word “and” at the end of paragraph (*k*) of the definition of “designated investments”;

(*b*) by inserting, at the end of paragraph (*l*) of the definition of “designated investments”, the word “and”, and by inserting immediately thereafter the following paragraph:

“(m) units in any unit trust which invests wholly in designated investments;”;

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

““designated person” means the Government of Singapore Investment Corporation Pte. Ltd., any statutory board or any company which is wholly owned, directly or indirectly, by the Minister (in his capacity as a corporation established under the Minister for Finance (Incorporation) Act (Cap.183)) and which is approved by the Minister or such person as he may appoint;”;

(*d*) by deleting paragraphs (*b*) and (*c*) of the definition of “foreign investor” and substituting the following paragraphs:

“(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);”;

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

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

- (f) by deleting the full-stop at the end of the definition of “offshore trade transactions” and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

“ “unit” means a right or interest (whether described as a unit, a sub-unit or otherwise) which may be acquired under a unit trust;

“unit trust” means any trust established for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property.”.

### **Amendment of regulation 3**

3. Regulation 3 of the principal Regulations is amended —

- (a) by deleting the words “and 6” in the 1st line and substituting the words “, 5A and 6”;
- (b) by deleting the word “or” at the end of paragraph (k)(iii);

- (c) by inserting, at the end of sub-paragraph (iv) of paragraph (k), the word “or”, and by inserting immediately thereafter the following sub-paragraph:

“(v) stocks, shares, bonds and other securities listed on the Stock Exchange of Singapore in any foreign currency issued by a company which is incorporated in Singapore and whose operations are substantially outside Singapore and approved by the Minister or such person as he may appoint;”;

- (d) by inserting, immediately after the word “Singapore” in the 5th line of paragraph (m), the words “, stocks, shares, bonds and other securities referred to in paragraph (k)(v)”;

- (e) by deleting the words “Fund Manager approved under section 43A(1)(b)” in paragraphs (m)(iv), (t)(v) and (v)(iv) and substituting in each case the words “fund manager approved under section 13C(a) or 43A (1)(b)”;

- (f) by deleting the word “and” at the end of paragraph (n)(iii);

- (g) by inserting, at the end of sub-paragraph (iv) of paragraph (n), the word “and”, and by inserting immediately thereafter the following sub-paragraph:

“(v) in or after the basis period for the year of assessment 1998, for the purpose of any designated investments specified in paragraph (m) of that definition;”;

- (h) by deleting the words “paragraph (k)(i) and (iv)” in paragraph (t) and substituting the words “paragraph (k)(i), (iv) and (v)”;

- (i) by deleting the full-stop at the end of paragraph (w) and substituting a semi-colon, and by inserting immediately thereafter the following paragraph:

“(x) services on behalf of a company which is incorporated in Singapore and whose operations are substantially outside Singapore and approved by the Minister or such person as he may appoint, in respect of the arrangement, underwriting, management and placement of —

- (i) securities by the company which are listed

on the Stock Exchange of Singapore in any foreign currency; or

- (ii) an initial public offering by the company of securities for the purpose of a listing on the Stock Exchange of Singapore in any foreign currency.”.

#### **Deletion of regulations 4 and 5 and substitution of regulation 4**

4. Regulations 4 and 5 of the principal Regulations are deleted and the following regulation substituted therefor:

##### **“Computation of income of approved Asian Currency Unit from managing funds of certain foreign investors**

4. In respect of services provided to a foreign investor under regulation 3(*n*), (*o*) and (*u*), where the foreign investor is —

- (*a*) a company referred to in paragraph (*b*) of the definition of “foreign investor” in regulation 2 in which any designated person is a shareholder and more than 20% of its issued share 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 2 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 3 shall be computed in accordance with the formula —

$$\frac{A + \{20\% \times B\}}{B} \times C,$$

where A is the amount of issued share capital of the company or the value of the trust fund, as the case may be, which is not beneficially owned or held,