

**Income Tax (Concessionary Rate of Tax for Approved Fund Managers)  
(Amendment) Regulations 1996**

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**No. S 177**

**INCOME TAX ACT  
CHAPTER 134**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED FUND  
MANAGERS) (AMENDMENT) REGULATIONS 1996**

In exercise of the powers conferred by section 43A of the Income Tax Act, the Minister for Finance hereby makes the following Regulations:

**1.—(1)** These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) (Amendment) Regulations 1996.

**(2)** Regulations 2, 3 and 5 shall have effect for the year of assessment 1995 and subsequent years of assessment.

2. Regulation 2 of the Income Tax (Concessionary Rate of Tax for Approved Fund Managers) Regulations (Rg 7) (referred to in these Regulations as the principal Regulations) is amended by deleting the word “Tax” in the first line and substituting the words “Subject to regulations 2A, 2B and 2C, tax”.

3. The principal Regulations are amended by inserting, immediately after regulation 2, the following regulations:

“2A. Where a foreign investor is a company referred to in paragraph (b)(i) of the definition of “foreign investor” in regulation 3 in which the Government of Singapore Investment Corporation Pte Ltd (referred to in these Regulations as GIC) is a shareholder, 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 foreign investor which is not owned by GIC;
  - B is the total amount of issued capital of the foreign investor;
  - 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.

2B. Where a foreign investor is —

- (a) a company referred to in paragraph (b)(ii) of the definition of “foreign investor” in regulation 3 in which GIC is a shareholder and where more than 20% of its issued capital is beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore; or
- (b) a trust fund referred to in paragraph (c) of the definition of “foreign investor” in regulation 3 in which GIC is a unit holder and where more than 20% of the value of the fund is beneficially held, directly or indirectly, by persons who are not foreign investors as defined in paragraphs (a) and (b) of the definition of “foreign investor” in regulation 3,

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 foreign investor which is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore or the value of the trust fund which is beneficially held, directly or indirectly, by foreign investors as defined in paragraphs (a) and (b) of the definition of “foreign investor” in regulation 3, as the case may be;
  - B is the total amount of issued capital of the foreign investor or the total 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.”.

4. The principal Regulations are amended by inserting, immediately after regulation 2B, the following regulation:

“2C.—(1) Notwithstanding regulation 2, tax shall be payable at the rate of 5% on the incremental income derived by a fund manager approved under section 43A of the Act for any year of assessment from the activities described in regulation 2, 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 the year of assessment and the average monthly value of such funds in the basis period for any prior year of assessment (after the year of assessment 1994) is respectively not less than \$5,000 million; and
- (b) the fund manager has been approved under section 43A of the Act for at least 3 years immediately preceding the year of assessment.

(2) For the purposes of this regulation —