

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

Table of Contents

1 Citation

2 Application

3 Definitions

4 Concessionary rate of tax

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

6 Tax exemption on income derived by approved Fund Manager

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

8 Fund Manager to maintain records

9 Determination of income chargeable to tax

10 Determination of income exempted from tax

Legislative History

INCOME TAX ACT (CHAPTER 134, SECTION 43A)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED FUND

MANAGERS) REGULATIONS

Rg 7

G.N. No. S 233/1988

REVISED EDITION 2001

(31st May 2001)

[2nd September 1988]

Citation

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

Application

2. These Regulations shall not apply where a foreign investor (other than an individual) —

- (a) has a permanent establishment in Singapore (other than an approved Fund Manager);
- (b) carries on a business in Singapore;
- (c) beneficially owns more than 20% of the issued share capital of any company incorporated in Singapore; or
- (d) has 20% or more of its issued share capital beneficially owned, directly or indirectly, by a company which falls within paragraph (a), (b) or (c),

unless approval is granted by the Minister or such person as he may appoint.

Definitions

3. In these Regulations —

“approved securities company” means a company approved under section 43A(1)(c) of the Act;

“designated investments” means —

- (a) stocks and shares denominated in any foreign currency of companies not incorporated and not resident in Singapore;
- (b) securities, other than stocks and shares, denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury

bills) issued by foreign governments, foreign banks outside Singapore and companies not incorporated and not resident in Singapore;

- (c) futures contracts denominated in any foreign currency held in any futures exchange;
- (d) any immovable property situated outside Singapore;
- (e) certificates of deposit, notes and bonds issued by Asian Currency Units in Singapore;
- (f) Asian Dollar Bonds approved under section 13(1)(v) of the Act;
- (g) deposits in Singapore with banks approved under section 13(13) of the Act;
- (h) foreign currency deposits with financial institutions outside Singapore;
- (i) stocks, shares, bonds and other securities listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange and other stocks, shares, bonds and securities issued by companies incorporated and resident in Singapore;
- (j) Singapore Government securities;
- (k) foreign exchange transactions in currencies other than Singapore dollars carried out in or after the basis period for the year of assessment 1992;
- (l) transactions in currencies other than Singapore dollars carried out on or after 1st April 1993 in interest rate or currency contracts on a forward basis, interest rate or currency options and interest rate or currency swaps with —
 - (i) an Asian Currency Unit of a financial institution;
 - (ii) a person who is neither a resident of nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore; and
- (m) units in any unit trust which invests wholly in designated investments;

“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;

“designated securities” means —

- (a) stocks, shares, bonds and other securities, denominated in any foreign currency, issued by a company which is not incorporated in Singapore and which is not resident in Singapore; or
- (b) bonds denominated in any foreign currency issued by any foreign government;

“foreign investor” —

- (a) in relation to an individual, means an individual who is not resident in Singapore and not a citizen of Singapore and who is the beneficial owner of the funds managed by the approved Fund Manager;
- (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);

“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.

Concessionary rate of tax

4. Subject to regulations 5, 6 and 7, tax shall be payable by a Fund Manager approved under section 43A of the Act at the rate of 10% on its fees and commissions —

- (a) derived on or after 7th March 1986 from managing the funds of a foreign investor for the purpose of any designated investments;