

# **Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations**

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### **INCOME TAX ACT (CHAPTER 134, SECTION 43E)**

### **INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED HEADQUARTERS COMPANY) REGULATIONS**

**Rg 6**

**G.N. No. S 502/1992**

**REVISED EDITION 2001**

**(31st May 2001)**

**[11th December 1992]**

## Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Headquarters Company) Regulations and shall have effect for the year of assessment 1991 and subsequent years of assessment.

## Definitions

2. In these Regulations —

“qualifying services” means the following services provided by an approved headquarters company to its offices, associated companies and other persons where such offices, associated companies and other persons are outside Singapore and have been approved under section 43E(2) or (2A) of the Act:

- (a) providing general management and administration;
- (b) providing business planning and co-ordination;
- (c) procurement of raw materials and components for use in the business of its approved offices and associated companies and other approved persons;
- (d) providing technical support services;
- (e) providing marketing control and sales promotion planning;
- (f) providing training and personnel management;
- (g) providing corporate finance advisory services;
- (h) performing economic or investment research and analysis;
- (i) providing credit administration and control;
- (j) research and development work carried out in Singapore on behalf of its approved offices and associated companies outside Singapore;
- (k) arranging credit facilities for its approved offices and associated companies outside Singapore in currencies other than Singapore dollars where the funds for providing the facilities are obtained from —
  - (i) financial institutions in Singapore; and
  - (ii) the accumulated profits of its other approved offices and associated companies;
- (l) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where —

- (i) in the case of a guarantee, performance bond or standby letter of credit, the party in whose favour the facility is issued is an Asian Currency Unit of a financial institution in Singapore, or a person who is neither a resident of nor a permanent establishment in Singapore, or a permanent establishment outside Singapore of a person resident in Singapore in respect of any business carried on outside Singapore through that permanent establishment;
  - (ii) in the case of services relating to remittances, the person to whom the remittances are made is an Asian Currency Unit of a financial institution in Singapore or is a person who is neither a resident of nor a permanent establishment in Singapore;
- (m) arranging interest rate or currency swaps in currencies other than Singapore dollars with —
  - (i) an Asian Currency Unit of a financial institution in Singapore;
  - (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;
- (n) managing the funds of any of its approved offices or associated companies outside Singapore for the purpose of any designated investments within the meaning of the Income Tax (Income from Funds Managed for Foreign Investors) Regulations (Rg 8) and where the associated company is not resident in Singapore and, unless otherwise approved by the Minister or such person as he may appoint —
  - (i) not less than 80% of its issued share capital is beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;
  - (ii) has no permanent establishment in Singapore other than the approved headquarters company;
  - (iii) does not carry on business in Singapore;

- (iv) does not beneficially own more than 20% of the issued share capital of any company incorporated in Singapore; and
- (v) does not have 20% or more of its issued share capital beneficially owned, directly or indirectly, by a company which does not fall within sub-paragraph (ii), (iii) or (iv);

“qualifying treasury, investment or financial activities” means the following activities carried out by an approved headquarters company on its own account:

- (a) transacting or investing in stocks and shares, denominated in any currency other than Singapore dollars, of companies which are neither incorporated nor resident in Singapore;
- (b) transacting or investing in securities, other than stocks and shares, denominated in any currency other than Singapore dollars (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies which are neither incorporated nor resident in Singapore;
- (c) transacting or investing in certificates of deposit, notes and bonds, denominated in any currency other than Singapore dollars, issued by an Asian Currency Unit of a financial institution in Singapore;
- (d) transacting or investing in Asian Dollar Bonds approved under section 13(1)(v) of the Act;
- (e) investing in foreign currency deposits with an Asian Currency Unit of a financial institution in Singapore or with financial institutions outside Singapore;
- (f) foreign exchange transactions, in currencies other than Singapore dollars, with banks outside Singapore or persons who are neither residents of nor permanent establishments in Singapore or with an Asian Currency Unit of a financial institution in Singapore;
- (g) transactions involving interest rate or currency swaps in currencies other than Singapore dollars for or with banks outside Singapore or persons who are neither residents of nor permanent establishments in Singapore or with an Asian Currency Unit of a financial institution in Singapore;
- (h) transactions in financial futures contracts or options denominated in currencies other than Singapore dollars with a member of any