

Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurers) Regulations

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Legislative History

INCOME TAX ACT (CHAPTER 134, SECTION 43C)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED OFFSHORE GENERAL INSURANCE COMPANIES) REGULATIONS

Rg 26

[5th May 1995]

Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Offshore General Insurance Companies) Regulations and shall have effect for the year of assessment 1996 and subsequent years of assessment.

[S 79/2009, wef Y/A 2005 & Sub Ys/A:2009-SL-134-RG-79]

Definitions

2. In these Regulations —

“approved insurance company” means any insurance company approved under regulation 3;

[S 79/2009, wef Y/A 2005 & Sub Ys/A:2009-SL-134-RG-79]

“approved marine hull and liability insurer” means any insurance company approved under regulation 4;

[S 79/2009, wef Y/A 2005 & Sub Ys/A:2009-SL-134-RG-79]

“capital allowances” means the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act;

“interest from ACU deposits” means interest derived from deposits with an Asian Currency Unit in Singapore;

“offshore general insurance business” means the business (other than the business of life insurance) of insuring and reinsuring offshore risks;

“offshore 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 made 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; and
- (g) foreign currency deposits with financial institutions outside Singapore;

“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.

[S 79/2009 wef 01/09/2006]

Approval of insurance company

3. The Minister or such person as he may appoint may, upon application by any insurance company registered under the Insurance Act (Cap. 142) to carry on general insurance business only and if he considers it expedient in the public interest to do so, approve the insurance company for the purposes of these Regulations where —

- (a) the insurance company has on 5th May 1995 been carrying on offshore general insurance business and the application is made not later than 31st December 1995; or
- (b) the insurance company commences to carry on offshore general insurance business after 5th May 1995 and the application is made within 3 months after the date of commencement of such business.

Approval of marine hull and liability insurer

4. 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.

[S 79/2009, wef Y/A 2005 & Sub Ys/A:2009-SL-134-RG-79]

Concessionary rate of tax

5.—(1) Subject to regulation 7, tax shall be payable at the rate of 10% on the following income derived by an approved insurance company:

- (a) the income derived from accepting general insurance covering offshore risks and reinsurance covering offshore risks;
- (b) the dividends and interest derived from outside Singapore, the gains or

profits realised from the sale of offshore investments, and interest from ACU deposits derived from —

- (i) subject to paragraph (2), the investment of its insurance fund established and maintained under the Insurance Act (Cap. 142) for the offshore general insurance business; and
- (ii) the investment of its shareholders' funds established in Singapore which are used to support the offshore general insurance business as ascertained under regulation 6.

(2) Where the Comptroller is satisfied that any part of the insurance fund referred to in sub-paragraph (b)(i) of paragraph (1) is not required to support the offshore general insurance business of an approved insurance company, he may adopt such reduced amount of the dividends, interest and gains or profits under that sub-paragraph as appears to him to be reasonable in the circumstances.

[S 79/2009, wef Y/A 2005 & Sub Ys/A:2009-SL-134-RG-79]

Calculation of dividends, interest and gains from sale of offshore investments

6.—(1) The dividends and interest under regulation 5(1)(b)(ii) derived by an approved insurance company for the basis period for any year of assessment shall be ascertained by the formula —

$$\left(\frac{P_o}{P_o + P_i} \times I \right) - X,$$

where P_o	is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved insurance company in the course of carrying on its business in Singapore from the offshore general insurance business;
P_i	is the amount of the gross premiums received or receivable during the basis period in respect of policies underwritten by the approved insurance company in the course of carrying on its business in Singapore from the general insurance business other than offshore general insurance business;
I	is the total amount of dividends and interest derived from Singapore and