

# **Income Tax (Concessionary Rate of Tax for Futures Members of the Singapore Exchange) Regulations**

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## **INCOME TAX (CONCESSIONARY RATE OF TAX FOR FUTURES MEMBERS OF THE SINGAPORE EXCHANGE) REGULATIONS**

[20th November 1992]

## Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Futures Members of the Singapore Exchange) Regulations and shall have effect for the year of assessment 1989 and subsequent years of assessment.

## Definitions

2.—(1) In these Regulations —

“corporate futures member” means a futures member of the Singapore Exchange whose membership is of the class or description known as “corporate membership” ;

“foreign investor” has the same meaning as in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations (Rg 8);

“petroleum product” means any of the products specified in the First Schedule;

“relevant transaction” means —

(a) any transaction, denominated incurrencies other than Singapore dollars, in financial futures carried out in or after the basis period for the year of assessment 1985 on any exchange specified in the Second Schedule or in gold bullion or gold futures carried out in or after that basis period on any gold exchange or in any gold market with —

- (i) an Asian Currency Unit of a financial institution;
- (ii) another futures member of the Singapore Exchange;
- (iii) a person who is neither a resident of nor a permanent establishment in Singapore;
- (iv) a branch office outside Singapore of a company resident in Singapore; or
- (v) a foreign investor where such transaction is carried out through an Asian Currency Unit of a financial institution or

a fund manager approved in either case under section 13C or 43A of the Act;

- (b) any transaction, denominated in currencies other than Singapore dollars, in petroleum futures including futures in petroleum products made or carried out on or after 1st January 1989 on any exchange specified in the Third Schedule with —
  - (i) an Asian Currency Unit of a financial institution;
  - (ii) another futures member of the Singapore Exchange;
  - (iii) a person who is neither a resident of nor a permanent establishment in Singapore;
  - (iv) a branch office outside Singapore of a company resident in Singapore;
  - (v) an oil trading company approved under section 43F of the Act; or
  - (vi) a foreign investor where such transaction is carried out through an Asian Currency Unit of a financial institution or a fund manager approved in either case under section 13C or 43A of the Act;
- (c) any transaction on a spot basis in any currency specified in the Fourth Schedule where the transaction is carried out in or after the basis period for the year of assessment 1993 with any of the persons referred to in paragraph (a)(i) to (v); or
- (d) any transaction on a spot basis in any currency other than the Singapore dollar where the transaction is carried out in or after the basis period for the year of assessment 1996 with any of the persons referred to in paragraph (a)(i) to (v),

in accordance with the rules and regulations or customs and practices of the respective exchange or market;

“SGX futures contract” means a contract traded on the futures market maintained by the Singapore Exchange Limited or any of its subsidiaries.

### **Concessionary rate of tax**

**3.—(1)** Tax shall be payable at the rate of 10% on dealing profits, fees and

commissions from and on interest in connection with any relevant transaction derived by a company which is a futures member of the Singapore Exchange.

(2) For the purposes of paragraph (1), “interest” includes interest derived in or after the basis period for the year of assessment 1993 by a company which is a futures member of the Singapore Exchange from deposits held by that company as a margin for any relevant transaction.

### **5% rate of tax on incremental income derived from designated transaction**

4.—(1) Notwithstanding regulation 3, tax shall be payable at the rate of 5% on the incremental income derived by a company which is a corporate futures member for any qualifying year of assessment from any designated transaction, if the following conditions are satisfied:

- (a) the company has been a corporate futures member for at least 3 years immediately preceding that qualifying year of assessment; and
- (b) the company is among the top 20 corporate futures members as determined by the Singapore Exchange Limited in respect of the total volume of transactions (excluding trades cleared for other futures members of the Singapore Exchange) in SGX futures contracts in the year immediately preceding the year in which trading of the designated futures commences on the futures market maintained by the Singapore Exchange Limited or any of its subsidiaries.

(2) For the purposes of this regulation —

“designated futures” means any financial futures or petroleum futures (including futures in petroleum products) or gold futures which commenced trading on the futures market maintained by the Singapore Exchange Limited or any of its subsidiaries on or after 1st April 1994;

“designated transaction” means any relevant transaction where the futures transacted is a designated futures;

“incremental income”, in relation to any designated transaction carried out by a company for any qualifying year of assessment, means the amount of income determined in accordance with the formula —