

Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations

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INCOME TAX ACT (CHAPTER 134, SECTION 43G)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED FINANCE AND TREASURY CENTRE) REGULATIONS

Rg 18

REVISED EDITION 1998

(15th September 1998)

[11th December 1992]

Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations and shall have effect for the year of

assessment 1991 and subsequent years of assessment.

Definitions

2. In these Regulations —

“qualifying activities” means the following activities carried out by an approved Finance and Treasury Centre 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 exchange specified in the Schedule;
- (i) factoring, forfaiting and re-invoicing activities, denominated in currencies other than Singapore dollars, for its approved offices and associated companies outside Singapore;

- (j) providing credit facilities in currencies other than Singapore dollars to its approved offices and associated companies outside Singapore,

where the funds used for carrying out the activities are denominated in currencies other than Singapore dollars and are obtained from –

- (i) financial institutions in Singapore;
- (ii) its paid-up capital;
- (iii) its accumulated profits derived from qualifying activities and qualifying services approved under section 43G(2) of the Act;
- (iv) its approved offices and associated companies, but excluding such funds borrowed from sources other than banks;
- (v) Asian Dollar Bonds approved under section 13 (1) (v) of the Act or from bonds where the interest on such bonds is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore; and
- (vi) banks outside Singapore;

[S 492/2003 wef 05/09/2000]

“qualifying services” means the following services provided in Singapore by an approved Finance and Treasury Centre to its offices and associated companies outside Singapore which have been approved under section 43G of the Act:

- (a) arranging credit facilities 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;
- (b) providing corporate finance advisory services;
- (c) 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