

# **Income Tax (Concessionary Rate of Tax for SIMEX Members) Regulations**

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

## **INCOME TAX (CONCESSIONARY RATE OF TAX FOR SIMEX MEMBERS) REGULATIONS**

**Rg 16**

**REVISED EDITION 1998**

(15th September 1998)

[20th November 1992]

## Citation

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

## Definitions

2. In these Regulations –

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

“relevant transaction” means –

- (a) any transaction, denominated in currencies 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 member of SIMEX;
  - (iii) a person who is neither a resident of nor a permanent establishment in Singapore; or
  - (iv) a branch office outside Singapore of a company resident in Singapore;
- (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 member of SIMEX;
  - (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) an oil trading company approved under section 43F 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 (iv); 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 (iv),

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

“SIMEX” means the Singapore International Monetary Exchange.

### **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 member of SIMEX.

(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 member of SIMEX 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 SIMEX corporate member for any qualifying year of assessment from any designated transaction, if the following conditions are satisfied:

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

(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 SIMEX 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 –

$$(a) \frac{A - B}{C} \times D; \text{ or}$$

$$(b) \frac{A - B}{A} \times D,$$

whichever is the less,

where A is the relevant income of the company from the designated transactions relating to the same designated futures for that qualifying year of assessment;

B is the relevant income of the company from the designated transactions relating to the same designated futures as in A for the qualifying year of assessment in which tax at the rate of 5% under this regulation was last levied on the relevant income from such designated transactions; or where tax at the rate of 5% under this regulation had not previously been so levied, B shall be treated as nil;

C is the relevant income of the company for that qualifying year of assessment derived from the total relevant transactions; and

D is the chargeable income of the company for that qualifying year of assessment, after deducting any investment allowance given under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), which is subject to tax at the rate of 10% under regulation 3;

“qualifying year of assessment”, in relation to any designated futures, means any year of assessment (after year of assessment 1995) which is within the period of 5 years of assessment immediately following the year of commencement of trading of the designated futures on SIMEX;