

Income Tax (Concessionary Rate of Tax for Income from Offshore Composite Insurance Business) Regulations

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INCOME TAX ACT (CHAPTER 134, SECTION 43C)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR INCOME FROM OFFSHORE COMPOSITE INSURANCE BUSINESS) REGULATIONS

Rg 25

G.N. No. S 209/1995

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Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Income from Offshore Composite Insurance Business) Regulations and shall have effect for the years of assessment 1993, 1994 and 1995.

Definitions

2. In these Regulations —

“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 life business”, “offshore life insurance surplus” and “offshore life policies” have the same meanings as in section 26(5) of the Act.

Application

3.—(1) These Regulations shall apply to any insurance company registered under the Insurance Act [Cap. 142] to carry on both general insurance business and life insurance business unless the insurance company has, by notice under paragraph (2), elected for the gains or profits from the whole of its offshore general insurance business and offshore life business and the shareholders' funds supporting such business to be taxed at the rate under section 43(1)(a) of the Act.

(2) Any election under paragraph (1) shall be irrevocable and shall be given by notice in writing to the Comptroller before 1st August 1995 and shall have effect for the year of assessment for which the election is to take effect and subsequent years of assessment.

(3) Notwithstanding anything in paragraph (1), these Regulations shall not apply to any insurance company which has irrevocably elected under —

- (a) the revoked Income Tax (Concessionary Rate of Tax for Income from Offshore General Insurance Business) Regulations [Rg 20, 1993 Ed.];
- (b) the Income Tax (Concessionary Rate of Tax for Income from Offshore General Insurance Business) Regulations [Rg 20, 1996 Ed.]; or
- (c) the Income Tax (Concessionary Rate of Tax for Income from Offshore Life Insurance Business) Regulations [Rg 19, 1996 Ed.],

to be taxed at the rate under section 43(1)(a) of the Act.

Concessionary rate of tax

4.—(1) Tax shall be payable at the rate of 10% on the following income derived by an insurance company to which these Regulations apply:

- (a) the income derived from accepting general insurance covering offshore risks and reinsurance covering offshore risks;
- (b) the offshore life surplus (but excluding the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established under the Insurance Act relating to offshore life policies); and
- (c) 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 or offshore life business; and