

# **Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2017**

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**No. S 239**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR  
FINANCIAL SECTOR INCENTIVE COMPANIES)  
REGULATIONS 2017**

In exercise of the powers conferred by section 43Q of the Income Tax Act, the Minister for Finance makes the following Regulations:

**Citation and commencement**

1. These Regulations are the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2017 and come into operation on 1 June 2017.

**Definitions**

2.—(1) In these Regulations, unless the context otherwise requires —

“approved 1st tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by the master fund of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;

“approved 2nd tier SPV”, in relation to an approved master-feeder fund-SPV structure or an approved master fund-SPV structure, means a special purpose vehicle —

- (a) that is wholly owned by an approved 1st tier SPV of the structure;
- (b) that is approved under section 13X of the Act; and
- (c) to which the tax exemption under that section applies;

“approved company” means an approved company to which the tax exemption under section 13R of the Act applies;

“approved feeder fund” means a company, trust fund or limited partnership —

- (a) that invests its funds substantially and directly through only one approved master fund; and
- (b) that is approved under section 13X of the Act,

where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;

“approved master-feeder fund structure” means a master-feeder fund structure approved under section 13X of the Act;

“approved master-feeder fund-SPV structure” means a master-feeder fund-SPV structure approved under section 13X of the Act;

“approved master fund-SPV structure” means a master fund-SPV structure approved under section 13X of the Act;

“approved master fund” means a company, trust fund or limited partnership —

- (a) that enables investors to invest funds in one or more underlying investments that are managed by a fund manager; and
- (b) that is approved under section 13X of the Act,

where the tax exemption under that section applies to the company, the trustee of the trust fund or the partners of the limited partnership;

“approved person” means an approved person to which the tax exemption under section 13X of the Act applies;

“commodity derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity;

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

“debt securities” has the same meaning as in section 43N of the Act;

“emission derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of underlying emission allowances;

“financial derivatives” means derivatives the payoffs of which are linked, whether in whole or in part, to the payoffs or performance of any financial assets, securities, financial instruments or indices, but excludes derivatives the payoffs of which are wholly linked to the payoffs or performance of commodities;

“financial sector incentive (capital market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (credit facilities syndication) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (derivatives market) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (fund management) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (headquarter services) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (standard tier) company” means a company approved as such under section 43Q of the Act;

“financial sector incentive (trustee companies) company” means a company approved as such under section 43Q of the Act;

*[S 111/2019 wef 01/06/2017]*

“freight derivatives” means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates;

“futures member of the Singapore Exchange” means any company which holds membership of any class or description of a futures market, or of a clearing house for the futures market, maintained by the Singapore Exchange Limited or any of its subsidiaries;

“guarantee facility” means any facility where guarantees or letters of credit are made available to and issued in favour of —

(a) a bank that holds a licence under section 7 or 79 of the Banking Act (Cap. 19); or

(b) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under the Banking Act;

*[S 488/2021 wef 01/07/2021]*

“incidental physical trading” means trading by a financial sector incentive

(derivatives market) company —

- (a) in any commodity with any person on a spot or forward basis; and
- (b) in connection with and incidental to the trading by that company in any commodity derivatives, whether transacted over-the-counter or on an exchange, with that or any other person,

where the intention of the parties at the time of the transaction in relation to the commodity is that actual delivery of the commodity is required (whether or not the delivery is actually made);

“prescribed asset or project” means an infrastructure asset or project prescribed in regulation 5 of the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (G.N. No. S 315/2008);

“prescribed person” means a person prescribed in regulation 2 of the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (G.N. No. S 6/2010) to which the tax exemption under section 13CA of the Act applies;

“qualifying debt securities” has the same meaning as in section 13(16) of the Act;

“securities lending or repurchase arrangement” has the same meaning as in section 10N of the Act;

“special purpose vehicle” has the same meaning as in section 13X(5) of the Act.

(2) A reference in these Regulations to an approving authority is a reference to such person as the Minister may appoint for the purposes of the provision in which that reference appears.

### **Application**

3. These Regulations apply to a financial sector incentive company —

- (a) where the effective date of its approval as such; or
- (b) where the effective date of the extension of its approval as such,

is 1 June 2017 or later.

*[S 111/2019 wef 01/06/2017]*

### **Financial sector incentive companies**

4.—(1) For the purposes of section 43Q of the Act and these Regulations, a financial sector incentive company may be approved as one of the following:

- (a) a financial sector incentive (capital market) company;