

# **Income Tax (Exemption and Concessionary Tax Rate for Income from Life Reinsurance Business) Regulations 2017**

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**No. S 608**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX**

(EXEMPTION AND CONCESSIONARY TAX RATE  
FOR INCOME FROM LIFE REINSURANCE BUSINESS)  
REGULATIONS 2017

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

**Citation and commencement**

1. These Regulations are the Income Tax (Exemption and Concessionary Tax Rate for Income from Life Reinsurance Business) Regulations 2017 and are deemed to have come into operation on 1 June 2017.

**Definitions**

2. In these Regulations —

“approved captive insurer” means a captive insurer approved under regulation 5;

“approved insurer” means an insurer approved under regulation 4;

“capital allowances” means the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act;

“captive life business” means the life business of an approved captive insurer which consists of risks of its related companies, including third-party risks underwritten in the course of and incidental to that business;

“deposit” has the same meaning as in section 4B(4) of the Banking Act (Cap. 19);

“direct insurer” has the same meaning as in section 1A of the Insurance Act (Cap. 142);

“direct life insurer” means a direct insurer licensed under section 8 of the Insurance Act to carry on life business;

“direct life risk” means a life risk insured by a direct life insurer;

“dividends” means dividends paid by a company, other than those exempt from tax under section 13(1)(za), (8) or (12) of the Act;

“life business” has the same meaning as in section 2(1)(a) of the Insurance Act;

“life insurance fund”, “non-participating fund”, “offshore life business”, “offshore life reinsurance business”, “offshore risk”, “onshore life business” and “onshore life reinsurance business” have the same meanings as in section 26(12) of the Act;

“non-participating policy” has the same meaning as in paragraph 6A(1) of the First Schedule to the Insurance Act;

“offshore captive life business” means captive life business concerned with offshore risks;

“offshore life insurance surplus”, in relation to an approved insurer or an approved captive insurer, has the same meaning given to the term “offshore life insurance surplus” as defined in relation to an insurer under section 26(7A)(a)(i) of the Act in section 26(12) of the Act, with the reference to the insurer under section 26(7A)(a)(i) of the Act substituted with a reference to the approved insurer or approved captive insurer;

“onshore life insurance surplus”, in relation to an approved insurer or an approved captive insurer, has the same meaning given to the term “onshore life insurance surplus” as defined in relation to an insurer under section 26(7A)(a)(i) of the Act in section 26(12) of the Act, with the reference to the insurer under section 26(7A)(a)(i) of the Act substituted with a reference to the approved insurer or approved captive insurer;

“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);

“qualifying interest” means —

- (a) any interest derived from a deposit held in a bank;
- (b) any interest derived from a certificate of deposit issued by a bank; or
- (c) any interest derived from debt securities, other than interest that is exempt from tax under section 13(1)(b)(i) or (bc)(i) of the Act, or an amount that is exempt from tax under section 13(1)(bd) of the Act;

“qualifying investment” means —

- (a) any stock or share of a company;
- (b) securities (other than stocks and shares), bonds, notes, certificates of deposits or treasury bills that are issued by a government, bank or company;
- (c) any futures contract traded on a future exchange; or
- (d) any investment in a prescribed asset or project;

“qualifying return in lieu of interest” means any return in lieu of interest from investing in products endorsed by any Shariah council or body, or by any

committee formed for the purpose of providing guidance on compliance with Shariah law;

“related company”, in relation to an approved captive insurer, means a company that is deemed to be related to the insurer under section 6 of the Companies Act (Cap. 50);

“specified business” means the business of an approved captive insurer underwriting any or both of the following:

- (a) policies covering third parties which are not underwritten by the insurer in the course of, nor incidental to, its captive life business;
- (b) policies underwritten by the insurer in the course of its business of insuring direct life risk.

### **Application**

3. These Regulations apply to —

- (a) an approved insurer that is approved as such on or after 1 June 2017; and
- (b) an approved captive insurer that is approved as such on or after 1 June 2017.

### **Approval of insurer**

4.—(1) During the period from 1 June 2017 to 31 December 2025 (both dates inclusive), the Minister or such person as the Minister may appoint may, upon application by any insurer licensed under the Insurance Act (Cap. 142) to carry on life business (whether or not the insurer is also licensed under that Act to carry on general business), and if the Minister or the person (as the case may be) considers it expedient in the public interest to do so, approve the insurer as an approved insurer.

*[S 700/2020 wef 01/04/2020]*

(2) An approval granted under paragraph (1) is for a period of —

- (a) 10 years if the approval is granted before 1 April 2020; or
- (b) 5 years if the approval is granted on or after 1 April 2020.

*[S 700/2020 wef 01/04/2020]*

### **Approval of captive insurer**

5.—(1) During the period from 1 June 2017 to 31 December 2025 (both dates inclusive), the Minister or such person as the Minister may appoint may, upon application by any captive insurer (whether or not the insurer is licensed under the Insurance Act (Cap. 142) to carry on general business), and if the Minister or the person

(as the case may be) considers it expedient in the public interest to do so, approve the insurer as an approved captive insurer.

*[S 700/2020 wef 01/04/2020]*

(2) Any approval under paragraph (1) is for a period of —

- (a) 10 years if the approval is granted before 1 April 2018; or
- (b) 5 years if the approval is granted on or after 1 April 2018.

(3) No approval may be given under paragraph (1) unless, at the time of such approval, all the functions in the following sub-paragraphs are undertaken by the captive insurer, by a company incorporated in Singapore, or by personnel located in Singapore who are employed by a company incorporated outside Singapore:

- (a) either or both of the following:
  - (i) ensuring compliance with any requirement or any direction, notice or other document issued under the Insurance Act;
  - (ii) ensuring compliance with any requirement or any direction, notice or other document issued under the Monetary Authority of Singapore Act (Cap. 186);
- (b) ensuring compliance with any requirement relating to financial accounting, auditing and reporting under the Companies Act (Cap. 50);
- (c) the day-to-day management of the captive insurer's business.

### **Concessionary rate of tax for approved insurer**

**6.—**(1) Subject to this regulation, tax is payable at the rate of 10% on the income mentioned in paragraph (2) derived by an approved insurer in a basis period for any year of assessment.

(2) For the purposes of paragraph (1), the income is —

- (a) the onshore life insurance surplus, and offshore life insurance surplus (as the case may be), derived by the insurer from accepting life reinsurance policies, excluding —
  - (i) gains or profits from the sale of investments that are acquired using any life insurance fund relating to life reinsurance policies; and
  - (ii) investment income or any other income derived from such life insurance fund, whether or not the income is derived in Singapore or elsewhere;