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**INCOME TAX ACT
(CHAPTER 134)**

**INCOME TAX
(EXEMPTION AND CONCESSIONARY TAX RATE FOR
INCOME FROM LIFE INSURANCE BUSINESS)
(AMENDMENT) REGULATIONS 2021**

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 Insurance Business) (Amendment) Regulations 2021 and come into operation on 1 July 2021.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Exemption and Concessionary Tax Rate for Income from Life Insurance Business) Regulations (Rg 28) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definition of “approved insurer”, the following definition:

““Asian Currency Unit” means an operational unit that was approved by the Monetary Authority of Singapore under section 77(5) of the Banking Act (Cap. 19) as in force immediately before 1 July 2021;”;

(b) by inserting, immediately after the definition of “captive insurer”, the following definitions:

““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 meaning given by section 4B(4) of the Banking Act;

“direct insurer” has the meaning given by 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”, in relation to income derived on or after 1 July 2021, means dividends paid by a company, other than those exempt from tax under section 13(1)(za), (8) or (12) of the Act;”;

(c) by inserting, immediately after the definition of “interest from ACU deposits”, the following definitions:

““life business” has the meaning given by 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”, “onshore life reinsurance business” and “participating fund” have the meanings given by section 26(12) of the Act;

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

- (d) by inserting, immediately after the definition of “offshore captive insurance business”, the following definition:

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

- (e) by deleting the definitions of “offshore life business” and “participating fund” and substituting the following definition:

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

- (f) by inserting, immediately after the definition of “offshore life policy”, the following definition:

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

(g) by inserting, immediately after the definition of “participating policy”, the following definitions:

““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;”;

(h) by deleting the full-stop at the end of the definition of “qualifying return in lieu of interest” and substituting a semi-colon, and by inserting immediately thereafter the following definitions:

““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.”.

Amendment of regulation 4

3. Regulation 4 of the principal Regulations is amended —

- (a) by inserting, immediately after the words “income derived” in paragraph (1), the words “before 1 July 2021”; and
- (b) by inserting, immediately after the word “for” in the regulation heading, the words “income derived before 1 July 2021 of”.

New regulation 4A

4. The principal Regulations are amended by inserting, immediately after regulation 4, the following regulation:

“Concessionary rate of tax for income derived on or after 1 July 2021 of approved insurer

4A.—(1) Subject to this regulation, tax is payable at the rate of 10% on the income mentioned in paragraph (2) derived on or after 1 July 2021 by an approved insurer in a basis period for any year of assessment.