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### INCOME TAX ACT (CHAPTER 134)

#### INCOME TAX (EXEMPTION OF INCOME ARISING FROM FUNDS MANAGED IN SINGAPORE BY FUND MANAGER) (AMENDMENT) REGULATIONS 2020

In exercise of the powers conferred by section 13X of the Income Tax Act, the Minister for Finance makes the following Regulations:

#### **Citation and commencement**

1.—(1) These Regulations are the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) (Amendment) Regulations 2020 and, except for regulation 10(*d*), are deemed to have come into operation on 20 February 2018.

(2) Regulation 10(*d*) is deemed to have come into operation on 1 April 2015.

#### **Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 (G.N. No. S 414/2010) (called in these Regulations the principal Regulations) is amended by deleting the definition of “committed funds” and substituting the following definition:

““committed funds”, in relation to a person (including a company), partnership (including a limited partnership and a limited liability partnership), trust fund or an investment vehicle that is not a legal entity, means the funds which, by a written contractual agreement between investors and the person, partnership, trustee of the trust

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fund or taxable entity of the investment vehicle, the investors are obliged to contribute to the person, partnership, trust fund or investment vehicle;”.

### **Amendment of regulation 3**

3. Regulation 3 of the principal Regulations is amended —

(a) by deleting sub-paragraphs (a) and (b) of paragraph (1) and substituting the following sub-paragraphs:

“(a) in the case of an approved person that is not a partner of an approved partnership (including a limited partnership and a limited liability partnership) — any specified income derived by the approved person from funds managed in Singapore by a fund manager in respect of designated investments; and

(b) in the case of an approved person that is a partner of an approved partnership (including a limited partnership and a limited liability partnership) — the share to which the partner is entitled in any specified income derived by the approved partnership from funds managed in Singapore by a fund manager in respect of designated investments.”; and

(b) by deleting sub-paragraphs (b) to (e) of paragraph (2) and substituting the following sub-paragraphs:

“(b) at the time of the application for approval of the person (not being an individual, a body of persons or a Hindu joint family), partnership (including a limited partnership and a limited liability partnership), trust fund or investment vehicle that is not a legal entity under section 13X of the Act —

(i) the amount of its funds; or

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- (ii) if the person, partnership, trust fund or investment vehicle is a private equity fund, a real estate fund or an infrastructure fund, the amount of its committed funds,

managed in Singapore by a fund manager is at least \$50 million;

- (c) for that year of assessment, no part of the income of the approved person (other than any income derived before the approval of the person, partnership, trust fund or investment vehicle under section 13X of the Act) —

- (i) is exempt from tax under section 13C, 13CA, 13G, 13H, 13O, 13P, 13Q, 13R, 13W or 13Y of the Act;

- (ii) is subject to a concessionary rate of tax under section 43E, 43G or 43Q of the Act; or

- (iii) is entitled to any tax relief or concessionary rate of tax under Part III or IIIB of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86);

- (d) the investment strategy remains unchanged from the date the person, partnership, trust fund or investment vehicle is approved under section 13X of the Act unless the effective date for the change in the strategy is before 1 April 2019, and the Minister or the Monetary Authority of Singapore is satisfied that the change is made for a bona fide commercial purpose; and

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- (e) conditions specified in the letter of approval issued by the Monetary Authority of Singapore approving the person, partnership, trust fund or investment vehicle (as the case may be) under section 13X of the Act.”.

### **Amendment of regulation 3A**

#### **4. Regulation 3A of the principal Regulations is amended —**

- (a) by inserting, immediately after paragraph (1), the following paragraph:

“(1A) For the purpose of section 13X(1)(b) of the Act, subject to the conditions in paragraph (2) and regulations 4, 5 and 6, the following income is exempt from tax for any year of assessment:

- (a) in the case of a person (other than a company) that is the approved master fund or an approved feeder fund of an approved master-feeder fund structure — any specified income derived by the person from funds of the master fund or the feeder fund that are managed in Singapore by a fund manager in respect of designated investments;
- (b) in the case of a partner of a partnership (excluding a limited partnership but including a limited liability partnership), where the partnership is the approved master fund or an approved feeder fund of an approved master-feeder fund structure — the share to which the partner of the partnership is entitled in any specified income derived by the partnership from funds of the master fund or the feeder fund that are managed in

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Singapore by a fund manager in respect of designated investments;

- (c) in the case of a taxable entity in relation to the approved master fund or an approved feeder fund of an approved master-feeder fund structure, where the master fund or feeder fund is not a legal entity — any specified income derived by the taxable entity from funds of the master fund or the feeder fund that are managed in Singapore by a fund manager in respect of designated investments.”;
- (b) by deleting the words “paragraph (1)” in paragraph (2) and substituting the words “paragraphs (1) and (1A)”;
- (c) by deleting sub-paragraph (a) of paragraph (2) and substituting the following sub-paragraph:
  - “(a) throughout the basis period for that year of assessment, the funds of the following are managed in Singapore by a fund manager:
    - (i) in the case of sub-paragraph (a) of paragraph (1) — the company or trust fund mentioned in that sub-paragraph;
    - (ii) in the case of sub-paragraph (b) of paragraph (1) — the limited partnership mentioned in that sub-paragraph;
    - (iii) in the case of sub-paragraph (a) of paragraph (1A) — the person mentioned in that sub-paragraph;
    - (iv) in the case of sub-paragraph (b) of paragraph (1A) — the partnership mentioned in that sub-paragraph;