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## No. S 240

### INCOME TAX ACT (CHAPTER 134)

#### INCOME TAX (QUALIFYING DEBT SECURITIES) (AMENDMENT) REGULATIONS 2016

In exercise of the powers conferred by sections 13(1)(a), (aa), (ab), (ba), (bc) and (bd), (2E) and (16), 45(9) and 45A of the Income Tax Act, the Minister for Finance makes the following Regulations:

#### **Citation and commencement**

1.—(1) These Regulations are the Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2016 and, except for regulations 2(1)(b), (c) and (d) and (2), 3(a), 4(a), 5(a), 6(a), 10 and 11(b), are deemed to have come into operation on 28 June 2013.

(2) Regulations 2(1)(b) and (d), 3(a), 4(a), 5(a), 6(a), 10 and 11(b) are deemed to have come into operation on 1 January 2014.

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

2.—(1) Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations (Rg 35) (called in these Regulations the principal Regulations) is amended —

(a) by inserting, immediately after the definitions of “ “approved bond intermediary”, “break cost”, “financial institution”, “financial sector incentive (bond market) company”, “prepayment fee”, “qualifying debt securities” and “redemption premium” ”, the following definition:

“ “Authority” means the Monetary Authority of Singapore;”;

(b) by deleting the definitions of “ “approved bond intermediary”, “break cost”, “financial institution”, “financial sector incentive (bond market) company”,

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“prepayment fee”, “qualifying debt securities” and “redemption premium” ” and substituting the following definitions:

““approved bond intermediary”, “break cost”, “financial institution”, “financial sector incentive (bond market) company”, “financial sector incentive (capital market) company”, “financial sector incentive (standard tier) company”, “prepayment fee”, “qualifying debt securities” and “redemption premium” have the same meanings as in section 13(16) of the Act;”;

- (c) by deleting the words “and certificates of deposit” in the definition of “debt securities” and substituting the words “; certificates of deposit, and AT1 instruments (as defined in section 100(2) of the Act),”; and
- (d) by inserting, immediately after the definition of “programme”, the following definition:

““Singapore-based issuer” —

- (a) in relation to an issuer which is not a special purpose vehicle, means an entity which carries on any operation in Singapore; and
- (b) in relation to an issuer which is a special purpose vehicle, means an entity whose sponsor carries on any operation in Singapore;”.

(2) Paragraph (1)(c) has effect for the year of assessment 2015 and subsequent years of assessment.

### **Amendment of regulation 3**

**3.** Regulation 3(1) of the principal Regulations is amended —

- (a) by deleting the words “31st December 2013” in sub-paragraph (a)(ii) and substituting the words “31st December 2018”; and

- (b) by deleting the word “Comptroller” wherever it appears in sub-paragraph (a)(iii) and substituting in each case the word “Authority”.

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

- 4. Regulation 3A(1) of the principal Regulations is amended —
  - (a) by deleting the words “31st December 2013” in sub-paragraph (a)(ii)(B) and (iii)(B) and substituting in each case the words “31st December 2018”; and
  - (b) by deleting the word “Comptroller” wherever it appears in sub-paragraph (a)(iii) and substituting in each case the word “Authority”.

#### **Amendment of regulation 3B**

- 5. Regulation 3B(1) of the principal Regulations is amended —
  - (a) by deleting the words “31st December 2013” in sub-paragraphs (a)(ii) and (iii) and (b) and substituting in each case the words “31st December 2018”; and
  - (b) by deleting the word “Comptroller” wherever it appears in sub-paragraph (a)(iii) and substituting in each case the word “Authority”.

#### **Amendment of regulation 3C**

- 6. Regulation 3C(1) of the principal Regulations is amended —
  - (a) by deleting the words “31st December 2013” in sub-paragraphs (a)(ii) and (iii) and (b) and substituting in each case the words “31st December 2018”; and
  - (b) by deleting the word “Comptroller” wherever it appears in sub-paragraph (a)(iii) and substituting in each case the word “Authority”.

#### **Amendment of regulation 3D**

- 7. Regulation 3D of the principal Regulations is amended by deleting the word “Comptroller” wherever it appears and substituting in each case the word “Authority”.

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**New regulation 3DA**

8. The principal Regulations are amended by inserting, immediately after regulation 3D, the following regulation:

**“Prescribed circumstances for tax exemption under section 13(1)(bc) of Act**

**3DA.** The circumstances mentioned in section 13(1)(bc)(i)(C)(CB) and (ii)(C) of the Act under which the tenure of the qualifying debt securities may be shortened to less than 10 years from the date of their issue are —

- (a) the shortening of the tenure is a result of any early termination pursuant to an early termination clause specified in the Schedule which the issuer included in any offering document for those qualifying debt securities; and
- (b) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the securities at the time of their issue.”.

**Amendment of regulation 3E**

9. Regulation 3E of the principal Regulations is amended by deleting the word “Comptroller” wherever it appears and substituting in each case the word “Authority”.

**Amendment of regulation 4**

10. Regulation 4 of the principal Regulations is amended —

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

“(ba) where the debt securities are issued during the period from 1 January 2014 to 31 December 2018 and are not issued under a programme, any one of the following is satisfied:

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- (i) the lead manager is any, or if there is more than one lead manager, more than half of the lead managers are any or any combination, of the following:
    - (A) a financial sector incentive (bond market) company;
    - (B) a financial sector incentive (capital market) company;
    - (C) a financial sector incentive (standard tier) company;
  - (ii) if the issuer is a Singapore-based issuer —
    - (A) more than half of the amount of gross revenue from arranging the issue is attributable to any or any combination of the following:
      - (AA) a financial sector incentive (bond market) company;
      - (AB) a financial sector incentive (capital market) company;
      - (AC) a financial sector incentive (standard tier) company;and
    - (B) more than half of the staff arranging the issue, of the company or cumulatively of the companies mentioned in sub-paragraph (A), are based in Singapore;
  - (iii) if the issuer is not a Singapore-based issuer, more than half of the debt securities issued under the issue are distributed by any or any combination of the following: