

**Income Tax (Exemption of Income from Syndicated Offshore Facilities)  
(Amendment) Regulations 2009**

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**No. S 237**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (EXEMPTION OF INCOME FROM SYNDICATED OFFSHORE  
FACILITIES) (AMENDMENT) REGULATIONS 2009**

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

**Citation and commencement**

**1.—(1)** These Regulations may be cited as the Income Tax (Exemption of Income from Syndicated Offshore Facilities) (Amendment) Regulations 2009 and shall, with the exception of regulation 5, be deemed to have come into operation on 17th January 2008.

**(2)** Regulation 5 shall come into operation on 28th May 2009.

## **Amendment of regulation 2**

2. Regulation 2 of the Income Tax (Exemption of Income from Syndicated Offshore Facilities) Regulations 2003 (G.N. No. S 183/2003) (referred to in these Regulations as the principal Regulations) is amended by inserting, immediately before the definition of “offshore credit facility”, the following definitions:

“ “corresponding Regulations” means the Income Tax (Income from Syndicated Offshore Credit and Underwriting Facilities) Regulations (Rg 4);

“FRS 39” has the same meaning as in section 34A of the Act;

“impairment loss” means an impairment loss recognised under FRS 39;”.

## **Amendment of regulation 5**

3. Regulation 5 of the principal Regulations is amended —

- (a) by deleting the words “capital allowances attributable to” in paragraph (2) and substituting the words “capital allowances or donations attributable to”;
- (b) by deleting the words “or capital allowances” in paragraph (2) and substituting the words “, capital allowances or donations”; and
- (c) by deleting paragraphs (2A) to (2D) and substituting the following paragraphs:

“(2A) For the purposes of paragraphs (1) and (2) —

- (a) the deduction of donations shall only be made after the deduction of capital allowances and losses;
- (b) a donation made on an earlier date shall be deducted in priority over a donation made on a later date; and
- (c) the deduction of donations shall as far as possible be made against the income to be exempted from tax for the year of assessment relating to the year in which the donations were made and, so far as the deduction cannot be so made, then against the income to be exempted from tax for the subsequent year of assessment, and so on; except that any balance of the donations not deducted against the income to be exempted from tax for the fifth year of assessment after the year of assessment relating

to the year in which the donations were made shall be disregarded.

(2B) Where the income to be exempted from tax under regulation 4(1) is income referred to in regulation 6(5)(b) or 7(6)(b), then the income to be so exempted shall be further reduced by the amount of deemed income referred to in regulation 6(5) or 7(6).”.

## **New regulations 6 and 7**

4. The principal Regulations are amended by inserting, immediately after regulation 5, the following regulations:

### **“Deduction of unabsorbed losses, capital allowances and donations**

6.—(1) Any balance of the losses, capital allowances and donations referred to in regulation 5(1) and (2) remaining unabsorbed on the day the specified financial institution permanently ceases to provide any syndicated offshore facility, or any approved syndicated offshore credit or underwriting facility or syndicated guarantee facility referred to in the corresponding Regulations, shall be available as a deduction —

(a) for the year of assessment which relates to the basis period in which the institution permanently ceases to provide such facility, against the following income of the institution and in the following order:

(i) any income subject to tax at the rate of tax of 5%;

(ii) any income subject to tax at a rate of tax other than 5% or the rate of tax specified in section 43(1)(a) of the Act;

(iii) any income subject to tax at the rate of tax specified in section 43(1)(a) of the Act; and

(b) so far as the deduction cannot be allowed under sub-paragraph (a), for any subsequent year of assessment against any income of the institution referred to in sub-paragraph (a)(i), (ii) and (iii) and in the order specified therein.

(2) Capital allowances may be deducted under paragraph (1) only if the specified financial institution continues to carry on the same trade or business in respect of the gains or profits of which the allowances falls to be made, and the allowances shall be disregarded if the institution has ceased to do so.

(3) Section 37B of the Act shall apply to any deduction under sub-paragraphs (a) and (b) of paragraph (1) as if the balance of losses, capital allowances and donations available as a deduction under those sub-paragraphs were unabsorbed losses, capital allowances and donations in respect of income subject to tax at the rate of tax of 5%.

(4) Sections 23(4) to (8) and 37(12) to (17) of the Act shall apply, with the necessary