

**Income Tax (Income from Funds Managed for Foreign Investors) (Amendment)  
Regulations 2007**

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**No. S 627**

**INCOME TAX ACT  
(CHAPTER 134)**

**INCOME TAX (INCOME FROM FUNDS MANAGED FOR FOREIGN INVESTORS)  
(AMENDMENT) REGULATIONS 2007**

In exercise of the powers conferred by section 13C 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 (Income from Funds Managed for Foreign Investors) (Amendment) Regulations 2007 and shall, with the exception of regulation 2(g), be deemed to have come into operation on 15th February 2007.

(2) Regulation 2(g) shall be deemed to have come into operation on 17th February 2006.

## Amendment of regulation 2

2. Regulation 2 of the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003) (referred to in these Regulations as the principal Regulations) is amended —

- (a) by inserting, immediately after the definition of “approved start-up fund manager” in paragraph (1), the following definition:

““commodity derivatives” means derivatives, whether traded over-the-counter or on an exchange, the payoffs of which are linked in whole to the payoffs or performance of the underlying commodity;”;

- (b) by deleting the word “and” at the end of paragraph (n) of the definition of “designated investments” in paragraph (1);

- (c) by inserting, immediately after paragraph (o) of the definition of “designated investments” in paragraph (1), the following paragraphs:

“(p) loans that are —

- (i) granted by the foreign investor to any company incorporated outside Singapore which is neither a resident nor permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or

- (ii) granted by a person other than the foreign investor but traded by the foreign investor;

(q) commodity derivatives; and

(r) physical commodities if —

- (i) the trading of those physical commodities by the foreign investor in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related

commodity derivatives) in that basis period; and

- (ii) the trade volume of those physical commodities traded by the foreign investor in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded by the foreign investor in that basis period;”;

- (d) by deleting paragraph (b) of the definition of “foreign investor” in paragraph (1) and substituting the following paragraph:

“(b) in relation to a company, means a company not resident in Singapore where —

- (i) in the case where the company is incorporated before 15th February 2007, not more than 20% (excluding the total percentage owned directly by designated persons) of the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore; or
- (ii) in the case where the company is incorporated on or after 15th February 2007, not more than 20% (excluding the total percentage owned directly by designated persons) of the total value of its issued securities are beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore; and”;

- (e) by inserting, immediately after the definition of “foreign investor” in paragraph (1), the following definition:

“ “issued securities” means —

- (a) debentures, stocks or shares;