

Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2006

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No. S 52

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (QUALIFYING DEBT SECURITIES) (AMENDMENT) REGULATIONS 2006

In exercise of the powers conferred by sections 13 (1)(a), (aa) and (ab) and (16) and 45A(2A) 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 (Qualifying Debt

Securities) (Amendment) Regulations 2006 and shall, with the exception of regulation 4(b) and (c), be deemed to have come into operation on 1st January 2005.

(2) Regulation 4(b) and (c) shall be deemed to have come into operation on 26th January 2006.

Amendment of regulation 2

2. Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations (Rg 35) (referred to in these Regulations as the principal Regulations) is amended by inserting, immediately after the definition of “funds from Singapore operations”, the following definition:

““Islamic debt securities” has the same meaning as in section 43N(4) of the Act;”.

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-paragraph:

“(a) the exemption from tax shall not apply —

- (i) to any interest derived by a permanent establishment in Singapore;
- (ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where interest is derived from any qualifying debt securities issued during the period from 27th February 1999 to 31st December 2008 by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires such securities using funds from Singapore operations; or
- (iii) if the issuer of the qualifying debt securities, or such other person as the Comptroller may direct, has not furnished

to the Comptroller a return on the debt securities within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require; and”;

- (b) by inserting, immediately after the words “directly or indirectly, to investors” in paragraph (1)(c), the words “, the exemption from tax shall apply only if”;
- (c) by deleting the word “; and” at the end of paragraph (1)(c)(iii) and substituting a full-stop;
- (d) by deleting sub-paragraph (d) of paragraph (1); and
- (e) by deleting the words “paragraph (1)(a)” in paragraph (2) and substituting the words “paragraph (1)(a)(i)”.

Amendment of regulation 3A

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

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

“(a) the exemption from tax shall not apply —

- (i) to any discount derived by a permanent establishment in Singapore; or
- (ii) if the issuer of the qualifying debt securities does not include in all offering documents a statement to the effect that where any discount is derived from any qualifying debt securities which —
 - (A) mature within one year from the date of their issue; and
 - (B) are issued during the period from 27th February 2004 to 31st December 2008,

by any person who is not resident in

Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if such person acquires such securities using funds from Singapore operations; and”;

- (b) by deleting the word “or” at the end of paragraph (1)(a)(i);
- (c) by deleting the word “and” at the end of sub-paragraph (ii) of paragraph (1)(a) and substituting the word “or”, and by inserting immediately thereafter the following sub-paragraph:
 - “(iii) if the issuer of the qualifying debt securities which mature within one year from the date of issue of the securities and are issued during the period from 27th February 2004 to 31st December 2008, or such other person as the Comptroller may direct, has not furnished to the Comptroller a return on the debt securities within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require; and”;
- (d) by inserting, immediately after the words “directly or indirectly, to investors” in paragraph (1)(c), the words “, the exemption from tax shall apply only if”; and
- (e) by deleting the words “paragraph (1)(a)” in paragraph (2) and substituting the words “paragraph (1)(a)(i)”.

New regulation 3B

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

“Prescribed conditions for tax exemption on any amount payable from Islamic debt securities which are qualifying debt securities

3B.—(1) The conditions referred to in section 13(1)(ab) of the Act are —

- (a) the exemption from tax shall not apply —
 - (i) to any amount that is payable to a permanent establishment