

Income Tax (Qualifying Debt Securities) (Amendment) Regulations 2005

Table of Contents

Enacting Formula

1 Citation and commencement

2 Amendment of regulation 1

3 Amendment of regulation 2

4 Amendment of regulation 3

5 New regulation 3A

6 Amendment of regulation 4

7 Amendment of regulation 5

No. S 350

INCOME TAX ACT (CHAPTER 134)

INCOME TAX (QUALIFYING DEBT SECURITIES) (AMENDMENT) REGULATIONS 2005

In exercise of the powers conferred by sections 13 (1)(a) and (aa) and (16), 45(9) and 45A(2) 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 2005.

(2) Regulations 2 (b) and 4 (b) and (c) shall be deemed to have come into operation on 10th April 2001.

(3) Regulation 4(d) shall be deemed to have come into operation on 3rd May 2002.

(4) Regulations 2 (a), 4 (a), 6 (b), (c), (d) and (e) shall be deemed to have come into operation on 3rd December 2003.

(5) Regulations 3 and 6 (a) shall be deemed to have come into operation on 1st January 2004.

(6) Regulations 5 and 7 shall be deemed to have come into operation on 27th February 2004.

Amendment of regulation 1

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

- (a) by deleting the words “27th February 2003” in paragraphs (2) and (3) and substituting in each case the words “31st December 2008”; and
- (b) by deleting the words “(b) and (c)” in paragraph (3) and substituting the words “(b), (c) and (d)”.

Amendment of regulation 2

3. Regulation 2 of the principal Regulations is amended by deleting the definitions of “approved bond intermediary”, “financial institution” and “qualifying debt securities” and substituting the following definitions:

““approved bond intermediary”, “financial institution”, “financial sector incentive (bond market) company” and “qualifying debt securities” have the same meanings as in section 13(16) of the Act;”.

Amendment of regulation 3

4. Regulation 3 of the principal Regulations is amended —

- (a) by deleting the words “27th February 2003” in paragraph (1)(b) and substituting the words “31st December 2008”;
- (b) by deleting the word “and” at the end of paragraph (1)(b);
- (c) by deleting the full-stop at the end of sub-paragraph (c) of paragraph (1) and substituting the word “; and”, and by inserting immediately thereafter

the following sub-paragraph:

“(d) the exemption from tax shall not apply where 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

(d) by deleting sub-paragraph (a) of paragraph (2) and substituting the following sub-paragraph:

“(a) from funds managed —

- (i) before 3rd May 2002, by an Asian Currency Unit of a financial institution or a fund manager approved under section 13C(a) of the Act in force immediately before 3rd May 2002 or section 43A of the Act; or
- (ii) on or after 3rd May 2002, by a fund manager in Singapore, by a foreign investor as defined in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);”.

New regulation 3A

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

“Prescribed conditions for tax exemption on discount from qualifying debt securities

3A.—(1) The conditions referred to in section 13(1)(aa) of the Act are as follows:

- (a) the exemption from tax shall not apply to any discount derived by a permanent establishment in Singapore;
- (b) the issuer of the qualifying debt securities includes in all offering

documents a statement to the effect that where any discount is derived from any qualifying debt securities which —

- (i) mature within one year from the date of their issue; and
- (ii) 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

- (c) where the issuer of the qualifying debt securities is a person who is a resident of or a permanent establishment in Singapore and where such securities are issued to any person who is not a resident of Singapore (referred to in this sub-paragraph as the non-resident person) in connection with or for the purpose of enabling that non-resident person to issue securities (referred to in this sub-paragraph as the relevant securities), directly or indirectly, to investors —
 - (i) the relevant securities are qualifying debt securities;
 - (ii) the relevant securities contain restrictions against the acquisition of such relevant securities by any investor who is a resident of or a permanent establishment in Singapore; and
 - (iii) the relevant securities are not acquired by any investor using funds from its Singapore operations.

(2) For the purpose of paragraph (1)(a), where any discount from any qualifying debt securities is derived —

- (a) from funds managed by a fund manager in Singapore, by a foreign investor as defined in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations 2003 (G.N. No. S 640/2003);
- (b) from funds managed by a headquarters company approved under section 43E of the Act, by its associated company outside Singapore approved under that section; or
- (c) from funds managed by a Finance and Treasury Centre approved under section 43G of the Act, by its associated company outside Singapore approved under that section,