

**Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income)  
(Amendment) Regulations 1996**

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**No. S 180**

**INCOME TAX ACT  
CHAPTER 134**

**INCOME TAX (CONCESSIONARY RATE OF TAX FOR ASIAN CURRENCY UNIT  
INCOME) (AMENDMENT) REGULATIONS 1996**

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

**1.—**(1) These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) (Amendment) Regulations 1996.

(2) Regulations 2, 3 and 4 shall have effect for the year of assessment 1995 and subsequent years of assessment.

**2.** Regulation 2 of the Income Tax (Concessionary Rate of Tax for Asian Currency Unit Income) Regulations (Rg 10) (referred to in these Regulations as the principal Regulations) is amended by deleting paragraphs (b) and (c) of the definition of “foreign investor” and substituting the following paragraphs:

“(b) in relation to a company, means a company not resident in Singapore and in the case of —

- (i) a company with not more than 50 shareholders, the whole of its issued capital (excluding the amount owned directly by the Government of Singapore Investment Corporation Pte Ltd (referred to in these Regulations as GIC)) is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
  - (ii) a company with more than 50 shareholders, not more than 20% (excluding the percentage owned directly by GIC) of its issued capital is beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore; and
- (c) in relation to a trust fund, means a trust fund where not more than 20% (excluding the percentage held directly by GIC) of the value of the fund is beneficially held, directly or indirectly, by persons who are not foreign investors referred to in paragraph (a) or (b) and, unless waived by the Minister or such other person as he may appoint, where —
- (i) the fund is created outside Singapore; and
  - (ii) the trustees of the fund are neither citizens of Singapore nor resident in Singapore;”.

3. Regulation 3 of the principal Regulations is amended —

- (a) by deleting the word “Tax” in the first line and substituting the words “Subject to regulations 3A, 3B and 3C, tax”; and
- (b) by deleting the words “issued in Singapore” in the sixth line of paragraph (p).

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

“3A. In respect of services provided to a foreign investor under regulation 3(n), (o) and (u), where the foreign investor is a company referred to in paragraph (b)(i) of the definition of “foreign investor” in regulation 2 in which GIC is a shareholder, the amount of fees and commissions which is chargeable to tax at the concessionary rate of 10% under regulation 3 shall be computed in accordance

with the formula —



- where
- A is the amount of issued capital of the foreign investor which is not owned by GIC;
  - B is the total amount of issued capital of the foreign investor;
  - C is the amount of fees and commissions derived from the provision of the services referred to in regulation 3(n), (o) and (u) to the foreign investor.

**3B.** In respect of services provided to a foreign investor under regulation 3(n), (o) and (u), where the foreign investor is —

- (a) a company referred to in paragraph (b)(ii) of the definition of “foreign investor” in regulation 2 in which GIC is a shareholder and where more than 20% of its issued capital is beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore; or
- (b) a trust fund referred to in paragraph (c) of the definition of “foreign investor” in regulation 2 in which GIC is a unit holder and where more than 20% of the value of the fund is beneficially held, directly or indirectly, by persons who are not foreign investors as defined in paragraphs (a) and (b) of the definition of “foreign investor” in regulation 2,

the amount of fees and commissions which is chargeable to tax at the concessionary rate of 10% under regulation 3 shall be computed in accordance with the formula —



- where
- (A) is the amount of issued capital of the foreign investor which is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore or the value of the trust fund which is beneficially

held, directly or indirectly, by foreign investors as defined in paragraphs (a) and (b) of the definition of “foreign investor” in regulation 2, as the case may be;

- (B) is the total amount of issued capital of the foreign investor or the total value of the trust fund, as the case may be;
- (C) is the amount of fees and commissions derived from the provision of the services referred to in regulation 3(n), (o) and (u) to the foreign investor.”.

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

“3C—(1) Notwithstanding regulation 3, tax shall be payable at the rate of 5% on the incremental income derived by the Asian Currency Unit of a financial institution for any year of assessment from the following groups of activities:

- (a) the activities described in regulation 3(k) and (m), if the following conditions are satisfied:
  - (i) the relevant income of the Asian Currency Unit from such activities for that year of assessment and the relevant income of the Asian Currency Unit from such activities for any prior year of assessment (after the year of assessment 1994) is respectively not less than \$10 million; and
  - (ii) the financial institution has been operating in Singapore for at least 3 years immediately preceding that year of assessment;
- (b) the activities described in regulation 3(p), if the following conditions are satisfied:
  - (i) the relevant income of the Asian Currency Unit from such activities for that year of assessment and the relevant income of the Asian Currency Unit from such activities for any prior year of assessment (after the