

Income Tax (Qualifying Debt Securities) Regulations

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INCOME TAX ACT
(CHAPTER 134, SECTIONS 13(1)(a) AND (11) AND 45(9))

INCOME TAX (QUALIFYING DEBT SECURITIES) REGULATIONS

Rg 35

G.N. No. S 212/2001

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(31st January 2002)

Citation and application

1.—(1) These Regulations may be cited as the Income Tax (Qualifying Debt Securities) Regulations.

(2) Regulation 3(1)(a) shall apply to qualifying debt securities issued during the

period from 27th February 1999 to 27th February 2003.

[S 350/2005 wef 03/12/2003]

(3) Regulations 3(1)(b), (c) and (d) and 5 shall apply to qualifying debt securities issued during the period from 26th April 1999 to 27th February 2003.

Definitions

2. In these Regulations —

“approved bond intermediary”, “financial institution” and “qualifying debt securities” have the same meanings as in section 13(11) of the Act;

“debt securities” means bonds, notes, commercial papers and certificates of deposit other than Singapore Government securities;

“funds from Singapore operations”, in relation to a person, means the funds and profits of that person’s operations through a permanent establishment in Singapore;

“offering documents” means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities;

“programme” includes a medium term note programme, a commercial paper programme or any similar programme for the issue of debt securities;

“tranche” means a particular issue of debt securities under a programme.

Prescribed conditions for tax exemption on interest income from qualifying debt securities

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

- (a) the exemption from tax shall not apply to any interest 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 interest is derived from any qualifying debt securities issued during the period from 27th February 1999 to 27th February 2003 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;
- (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; and

[S 350/2005 wef 10/04/2001]

[S 52/2006 wef 01/01/2005]

- (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.

(2) For the purpose of paragraph (1)(a) , where interest on a qualifying debt security is derived —

- (a) from funds managed by an Asian Currency Unit of a financial institution or a fund manager approved under section 13C or 43A of the Act, by a foreign investor as defined in the Income Tax (Income from Funds Managed for Foreign Investors) Regulations (Rg 8);
- (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,

that Asian Currency Unit of the financial institution, fund manager, headquarters company or Finance and Treasury Centre shall not be regarded as a permanent establishment of the foreign investor or approved associated company (as the case may be) solely by virtue of its management of funds on behalf of the foreign investor or approved associated company.

Arrangements for qualifying debt securities