

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

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## **Legislative History**

INCOME TAX ACT  
(CHAPTER 134, SECTION 43A)

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

Rg 10

G.N. No. S 254/1988

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**Citation**

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

**Definitions**

2. In these Regulations —

“approved securities company” means a company approved under section 43A(1)(c) of the Act;

“designated investments” means —

- (a) stocks and shares denominated in any foreign currency of companies not incorporated and not resident in Singapore, excluding stocks and shares of companies incorporated in Malaysia which are listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange;
- (b) securities, other than stocks and shares, denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies not incorporated and not resident in Singapore;
- (c) futures contracts denominated in any foreign currency held in any futures exchange;
- (d) any immovable property situated outside Singapore;
- (e) certificates of deposit, notes and bonds issued by Asian Currency Units in Singapore;

- (f) Asian Dollar Bonds approved under section 13(1)(v) of the Act;
- (g) deposits in Singapore with banks approved under section 13(13) of the Act;
- (h) foreign currency deposits with financial institutions outside Singapore;
- (i) stocks, shares, bonds and other securities listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange and other stocks, shares, bonds and securities issued by companies incorporated and resident in Singapore;
- (j) Singapore Government securities;
- (k) foreign exchange transactions in currencies other than Singapore dollars carried out in or after the basis period for the year of assessment 1992;
- (l) transactions in currencies other than Singapore dollars carried out on or after 1st April 1993 in interest rate or currency contracts on a forward basis, interest rate or currency options and interest rate or currency swaps with —
  - (i) an Asian Currency Unit of a financial institution;
  - (ii) a person who is neither a resident of nor a permanent establishment in Singapore; or
  - (iii) a branch office outside Singapore of a company resident in Singapore; and
- (m) units in any unit trust which invests wholly in designated investments;

“designated person” means the Government of Singapore Investment Corporation Pte. Ltd., any statutory board or any company which is wholly owned, directly or indirectly, by the Minister (in his capacity as a corporation established under the Minister for Finance (Incorporation) Act (Cap. 183)) and which is approved by the Minister or such person as he may appoint;

“foreign investor” —

- (a) in relation to an individual, means an individual who is not resident in Singapore and not a citizen of Singapore and who is the beneficial owner of the funds managed by the approved Asian Currency Unit;

- (b) in relation to a company, means a company not resident in Singapore where not more than 20% (excluding the total percentage owned directly by designated persons) of its issued share 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 total percentage held directly by designated persons) 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);

“futures member of the Singapore Exchange” has the same meaning as in section 43D(3) of the Act;

“initial public offering” means a public offering of securities of a company, whose stocks or shares have not previously been listed on the Singapore Exchange, in conjunction with the listing of those securities on the Singapore Exchange, and includes a listing of securities of such a company on the Singapore Exchange by way of an introduction;

“offshore trade transactions” means trade transactions where —

- (a) neither the buyer nor the seller is a resident of Singapore or a permanent establishment in Singapore;
- (b) the goods are not exported from or imported into Singapore except for transshipment; and
- (c) the transactions are in foreign currencies;

“unit” means a right or interest (whether described as a unit, a sub-unit or otherwise) which may be acquired under a unit trust;

“unit trust” means any trust established for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property.

### **10% tax payable on income of Asian Currency Unit**

3. Subject to regulations 4, 5, 6 and 7, tax shall be payable at the rate of 10% on the income of the Asian Currency Unit of a financial institution derived by it from the following activities:

- (a) loans in foreign currencies, other than bonds and debentures specified in

paragraph (e), made to persons outside Singapore to be used outside Singapore where the interest on such loans is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore by a person resident in Singapore through a permanent establishment outside Singapore;

- (b) opening, advising or confirming of letters of credit relating to offshore trade transactions;
- (c) financing or re-financing of offshore trade transactions with or without letters of credit;
- (d) transactions in foreign currencies with banks or branch offices outside Singapore or with other Asian Currency Units in Singapore with regard to any of the following:
  - (i) loans;
  - (ii) placement of funds;
  - (iii) bankers' acceptances on bills relating to offshore trade transactions;
  - (iv) bills relating to offshore trade transactions; and
  - (v) negotiable certificates of deposit;
- (e) managing, underwriting or selling (as a member of a selling group) the following types of securities denominated in any foreign currency:
  - (i) Asian Dollar Bonds approved by the Minister under section 13(1)(v) of the Act;
  - (ii) Asian Dollar Bonds and other bonds and debentures where the interest on such bonds and debentures is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore; and
  - (iii) fixed or floating rate notes and fixed or floating rate negotiable certificates of deposit issued by banks;
- (f) transacting, broking and investing in securities specified in paragraph (e);
- (g) providing advisory services relating to financial matters to persons outside