

Income Tax (Concessionary Rate of Tax for Approved Securities Companies) Regulations

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INCOME TAX ACT (CHAPTER 134, SECTION 43A)

INCOME TAX (CONCESSIONARY RATE OF TAX FOR APPROVED SECURITIES COMPANIES) REGULATIONS

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Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Approved Securities Companies) Regulations.

Concessionary rate of 10% on income derived by approved securities

2.—(1) Tax shall be payable at the rate of 10% on the income derived by an approved securities company from the following activities:

- (a) services (including services as a broker, as a nominee or as a custodian) on behalf of a person who is neither a resident of nor a permanent establishment in Singapore in connection with transactions relating to —
 - (i) stocks, shares, bonds and other securities, denominated in any foreign currency, issued by a company which is not incorporated in Singapore and which is not resident in Singapore;
 - (ii) negotiable certificates of deposit denominated in any foreign currency;
 - (iii) Asian Dollar Bonds; or
 - (iv) bonds denominated in any foreign currency issued by any foreign government:

Provided that this sub-paragraph shall not apply where the payments for the services and other expenses in connection with such transactions are borne, directly or indirectly, by a person resident in Singapore or by a permanent establishment in Singapore of a non-resident person;

- (b) the sale of stocks, shares, bonds and other securities referred to in sub-paragraph (a) to —
 - (i) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (ii) an Asian Currency Unit of a financial institution;
 - (iii) another approved securities company; or
 - (iv) a foreign investor where such sale is transacted through a Fund Manager approved under section 43A(1)(b) of the Act;
- (c) services on behalf of a company which is neither incorporated nor resident in Singapore (excluding a permanent establishment in Singapore of such a

company) in respect of the arrangement, underwriting, management and placement of securities by such a company where —

- (i) such securities are denominated in any foreign currency;
 - (ii) the placement of such securities is with persons who are neither residents nor permanent establishments in Singapore; and
 - (iii) the payment for such services and other expenses in connection with the issue of such securities are not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore;
- (d) loans of securities specified in sub-paragraph (a)(i) and (iv) under a securities lending arrangement in writing to —
- (i) an Asian Currency Unit of a financial institution;
 - (ii) another approved securities company;
 - (iii) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (iv) a branch office outside Singapore of a bank resident in Singapore which has an Asian Currency Unit; or
 - (v) a foreign investor where such loans are transacted through a Fund Manager approved under section 43A(1)(b) of the Act;
- (e) services as a broker on behalf of an Asian Currency Unit of a financial institution or another approved securities company in connection with the sale of the securities specified in sub-paragraph (a) which are owned by that Asian Currency Unit of the financial institution or that other approved securities company to —
- (i) a person who is neither a resident of nor a permanent establishment in Singapore;
 - (ii) an Asian Currency Unit of another financial institution;
 - (iii) another approved securities company; or
 - (iv) a foreign investor where such sale is transacted through a Fund Manager approved under section 43A(1)(b) of the Act;
- (f) services as a nominee or custodian on behalf of an Asian Currency Unit of