

**Income Tax (Singapore — Sweden) (Avoidance of Double Taxation Convention)
(Supplementary) Order 1992**

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(CHAPTER 134, SECTION 49)**

**INCOME TAX (SINGAPORE — SWEDEN)
(AVOIDANCE OF DOUBLE TAXATION CONVENTION)
(SUPPLEMENTARY) ORDER 1992**

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[27th March 1992]

It is hereby notified for general information that the Government of the Republic of Singapore and the Government of the Kingdom of Sweden have agreed to extend the operation of paragraphs 5, 6 and 9 of Article XIX of the Convention between the Government of the Republic of Singapore and the Government of the Kingdom of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital signed on 17th June 1968, as amended by the Protocol signed on 28th September 1983, to cover income derived during the periods specified in the exchange of notes between the competent authorities of the two Governments.

The said exchange of notes constituting the agreement for the extension is set out in the Schedule to this Order.

THE SCHEDULE

STEFAN ERSSON,
Director, International Tax Department,
Ministry of Finance,
Kingdom of Sweden.

Sir,

In pursuance of paragraphs 5, 6 and 9 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th June 1968 and amended by the Protocol which was signed in Singapore on 28th September 1983, I have the honour to propose that:

- (a) the provisions of paragraph 5 of Article XIX concerning the rate of Sweden tax credit to be allowed for dividends and interest derived from Singapore shall apply for a period of ten years following the expiry of the period of validity on 31st December 1990. However, if from the Swedish tax, in respect of the dividends paid after 31st December 1991, a standard deduction of 10 per cent of the gross amount of the dividends is given under Swedish internal law the said paragraph is to be interpreted in such a way to give the taxpayer a right to an additional credit of 5 per cent of the net amount of the dividends received;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of the amount of such royalties shall be exempt from Swedish tax as provided in paragraph 6 of Article XIX for a further period of ten years following the expiry of the period of validity on 31st December 1990;
- (c) the provisions of paragraph 9 of Article XIX concerning the meaning of the terms “Singapore tax payable” and “normal corporate income tax in Singapore or an income tax comparable thereto” for the purposes of paragraphs 3 and 4 of Article XIX shall apply for a further period of one year following the expiry of the period of validity on 31st December 1990;
- (d) the provisions of paragraph 9 of Article XIX which relates to the following incentive provisions contained in the following sections of the Singapore Economic Expansion Incentives (Relief from Income Tax) Act:

Section 13	Exemption from tax on the income of pioneer companies.
Section 19	Section 19 makes applicable the provisions of section 13 to pioneer service companies.
Section 19B (5)	Concessionary tax rate of not less than 10%, as Minister

	may specify, on income of a post-pioneer company for a period not exceeding 5 years. With effect from Year of Assessment 1991, this was extended to 10 years.
Section 24 (5)	Exemption from tax on the incremental expansion income of an expanding enterprise.
Section 28	Section 28 makes applicable the provisions of section 24 (5) to expanding service companies.
Section 39 (3)	Exemption from tax on 90% of the qualifying export profits of an export enterprise. (Tax relief period ranges from 3 years to 15 years as stipulated under section 32).
Section 44F (2)	Exemption from tax on 90% of the qualifying export income of an export service company.
Section 51 (2)	Exemption from tax on one-half of the incremental export income qualifying for relief, of an international trading company.
Section 72	Section 72 makes applicable the provisions of sections 53 (3) and 53(6) to a company enjoying Investment Allowance incentive. Any amount of chargeable income made exempt by an amount of investment allowance, to be credited to an exempt dividend account for purposes of declaring exempt dividends, except dividends on preferential shares.
Section 81 (2)	Exemption from tax on one-half of the qualifying export income of a warehousing or servicing company. (Tax relief period is 5 years from its commencement day).
Section 89 (2)	Exemption from tax on one-half of the qualifying income from the provision of consultancy services on approved overseas projects of a consultancy company or consultancy firm. "Consultancy services" is defined in section 85. (Tax relief period is 5 years from its commencement date);

so far as they were in force on, and have not been modified since 31st December 1990, or have been modified only in minor respects so as not to affect their general character shall apply for a further period from 1st January 1992 up to 31st December 2000; and

- (e) the competent authorities shall consult each other in order to determine whether the periods in sub-paragraphs (a), (b) and (d) above shall be further extended.

2. In the event of these proposals being acceptable to you, this letter together with your letter accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and of the Government of the Republic of Singapore for the purposes of paragraphs 5, 6 and 9 of the Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.