

No. S000

**INCOME TAX ACT
(CHAPTER 134)
INCOME TAX
(CONCESSIONARY RATE OF TAX FOR
APPROVED INSURANCE BROKERS) REGULATIONS 2017**

ARRANGEMENT OF REGULATIONS

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

Citation and commencement

1. These Regulations are the Income Tax (Concessionary Rate of Tax for Approved Insurance Brokers) Regulations 2017 and are deemed to have come into operation on 1 June 2017.

Definitions

2. In these Regulations —

“advisory service” means any risk advisory service, or other advisory service relating to any insurance policy;

“direct insurer” has the same meaning as in section 1A of the Insurance Act (Cap. 142);

“direct life insurer” means a direct insurer licensed under section 8 of the Insurance Act to carry on life business;

“direct stand-alone policy” means a direct insurance policy that a person purchases to cover a single risk;

“insurance broking services” means the services of direct insurance broking or reinsurance broking;

“life business” has the same meaning as in section 2(1)(a) of the Insurance Act;

“risk advisory services” means the design, structuring, modelling and implementation of any risk management programme using an insurance policy;

“specialised insurance risk” means any of the following risks:

- (a) any terrorism risk;
- (b) any political risk;
- (c) any energy risk;
- (d) any aviation and aerospace risk;
- (e) any agriculture risk;
- (f) any risk arising from a natural catastrophe.

Application

3. These Regulations apply to an approved insurance broker that is approved as such on or after 1 June 2017.

Approval of insurance broker

4. The Minister or such person as the Minister may appoint may, upon application by any insurance broker and if the Minister or the person (as the case may be) considers it expedient in the public interest to do so, approve the insurance broker as an approved insurance broker for a period of 5 years.

Concessionary rate of tax for approved insurance broker

5.—(1) Tax is payable at the rate of 5% on the commission and fee income that is derived by an approved insurance broker from the

provision of insurance broking services or advisory services, or both of such services, to any person, where the services are in relation to the insurance or reinsurance of any specialised insurance risk.

(2) Tax is payable at the rate of 10% on the commission and fee income that is derived by an approved insurance broker from the provision of insurance broking services or advisory services, or both of such services, to any person (other than those mentioned in paragraph (1) or relating to any insurance in paragraph (3)).

(3) For the purposes of paragraph (2), the insurance is —

- (a) an insurance against fire, motor, work injury compensation, personal accident or health risk under a direct stand-alone policy; or
- (b) an insurance against any risk by a direct life insurer in the course of carrying on its life business.

Determination of income chargeable to tax

6. For the purposes of regulation 5, the Comptroller must determine —

- (a) the income chargeable to tax of an approved insurance broker having regard to such expenses, capital allowances and donations allowable under the Act as are, in the Comptroller's opinion, to be deducted in ascertaining such income; and
- (b) the manner and extent to which any losses arising from the provision of the services to which regulation 5 applies, may be deducted under section 37(3) of the Act in ascertaining the chargeable income of the approved insurance broker under regulation 5(1).

Made on 2017.

TAN CHING YEE
Permanent Secretary,
Ministry of Finance,
Singapore.

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