



Tax Incentives for Project Finance

The Inland Revenue Authority of Singapore recently issued a circular for the extension and enhancement of tax incentives for project finance. This follows on from the Minister for Finance's announcement of this in his 2008 Budget Statement. This update will briefly look at the circular.

Extension of Time Frame for Existing Tax Incentives

New end date is 2011 The existing tax incentives for project finance were due to expire at the end of this year. The circular renews the package of incentives, extending the sunset date to the end of 2011.

Exemption from income tax Accordingly, the following sources of income will be exempt from income tax:

- qualifying income from qualifying project debt securities issued during the period 1 January 2009 to 31 December 2011 (both dates inclusive); and
- foreign-sourced interest income of qualifying entities listed on the Singapore Exchange that invest in offshore qualifying infrastructure projects/assets.

Concessionary tax rate Income derived by a Financial Sector Incentive (Project Finance) company from arranging, underwriting and distributing any qualifying project bond, qualifying project loan and from project finance advisory services related to a qualifying infrastructure project will be entitled to a concessionary tax rate of 5%. However, an application for the same must be made by 31 December 2011.

Exemption from stamp duty Finally, stamp duty will not have to be paid on instruments of transfer (executed during the period from 1 January 2009 to 31 December 2011, both dates inclusive) relating to qualifying infrastructure projects/assets to entities listed or to be listed on the Singapore Exchange.

Additional Incentives for Infrastructure Financing

New tax incentive for The circular also provides a new tax incentive to qualifying



*infrastructure trusts
and funds*

infrastructure Registered Business Trusts and qualifying infrastructure funds. It will apply to infrastructure Registered Business Trusts or infrastructure funds that meet the following criteria:

- They must be listed in Singapore within one year from the date the Trustee Manager or the Fund Manager is approved for the award.
- They must invest in such infrastructure assets as are prescribed (a full list is set out in the circular).
- The Trustee- Manager or the Infrastructure fund manager must be a Singapore-incorporated company that demonstrates commitments to Singapore in terms of number of professionals and business development plans.

*Concessionary tax
rate of 10%*

Such entities will be entitled to a concessionary tax rate of 10% as follows:

- In the case of a qualifying Registered Business Trust, the concessionary tax rate will be granted for a period not exceeding 10 years to an approved Trustee Manager on income in connection with the management and operation of the qualifying Registered Business Trust. Income that qualifies for the concessionary tax rate includes trustee and management fees.
- In the case of a qualifying infrastructure fund, a concessionary tax rate of 10% will be granted for a period not exceeding 10 years to an approved fund manager on income in connection with managing the qualifying infrastructure fund.

For both cases, only that portion of the fund management fees pertaining to offshore infrastructure assets will qualify for the concessionary tax rate.

If you would like information on this or any other area related to funds, you may wish to contact the lawyer at WongPartnership LLP that you normally deal with, or the following partners:



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