

IRAS e-Tax Guide

**Income Tax:
Tax Exemption under Section 13(12)
for Specified Scenarios,
Real Estate Investment Trusts and
Qualifying Offshore Infrastructure Project/Asset
(Sixth Edition)**



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Tax exemption under section 13(12) for specified scenarios, real estate investment trusts and qualifying offshore infrastructure project/asset

1 Aim

- 1.1 This e-tax guide explains the scenarios and conditions under which tax exemption under section 13(12) of the Income Tax Act (“ITA”) may be granted to resident taxpayers with effect from 31 May 2006.

2 At a glance

- 2.1 Tax exemption is, subject to conditions, granted under section 13(12) of the ITA (“section 13(12) tax exemption”) on:
- a) certain foreign-sourced income received in Singapore by resident companies under the scenarios specified in paragraph 4;
 - b) certain foreign-sourced income received in Singapore by the trustees of Real Estate Investment Trusts listed on SGX (“S-REITs”) or their wholly-owned Singapore resident subsidiary companies specified in paragraph 5;
 - c) certain foreign-sourced income received in Singapore by listed resident entities or their wholly-owned Singapore resident subsidiary companies from qualifying offshore infrastructure project/asset as explained in paragraph 6.
 - d) foreign-sourced income received in Singapore by resident taxpayers on a case-by-case basis as explained in paragraph 7.

3 Background

- 3.1 The following tax changes, which take effect from 31 May 2006, were announced in the 2006 Budget Statement:
- a) foreign-sourced dividends, foreign branch profits and foreign-sourced service income (collectively, “specified foreign income”) received in Singapore by companies carrying out substantive business activities¹ overseas, which do not meet the conditions for tax exemption under

¹ Generally, “substantive business activities” refer to business activities that

- a) are carried out through staff with certain expertise (e.g. managing directors, chief financial officers, researchers involved in R&D projects, factory managers, traders, etc.); and
- b) actual expenditure is incurred to carry out the activities.

section 13(8)² of the ITA (“section 13(8) tax exemption”), will be granted section 13(12) tax exemption if the specified foreign income is remitted to Singapore under specified scenarios; and

- b) foreign-sourced dividends, foreign-sourced interest, distributions from a non-resident trustee of a trust that holds foreign properties, and foreign branch profits received in Singapore by the trustees of S-REITs or their wholly-owned Singapore resident subsidiary companies (collectively, “S-REIT foreign income”) which do not qualify for section 13(8) tax exemption, will be granted section 13(12) tax exemption if such S-REIT foreign income originates from income/gains derived from ownership of foreign properties, property related activities or other activities permitted under the regulatory framework for S-REITs.

3.2 As part of the package of tax incentives announced on 16 September 2006 to catalyse the growth of the project finance industry, section 13(12) tax exemption was also granted on foreign-sourced interest income received in Singapore from qualifying offshore infrastructure project/asset. In the 2014 Budget, the section 13(12) tax exemption was expanded to include foreign-sourced dividend income received in Singapore which originates from qualifying foreign-sourced interest income which in turn originates from income from qualifying offshore infrastructure project/asset.

4 Specified scenarios

4.1 Specified foreign income which do not qualify for section 13(8) tax exemption will be granted section 13(12) tax exemption if:

- a) the specified foreign income is to be received in Singapore under one of the scenarios specified in paragraphs 4.2.1 to 4.2.6; and
- b) the Comptroller of Income Tax (“CIT”) is satisfied that the qualifying conditions in paragraph 4.4 are met.

4.2 Each specified scenario is explained below.

4.2.1 Scenario A

- a) The specified foreign income to be received in Singapore originates in the foreign tax jurisdiction from which the income is received;
- b) that tax jurisdiction has a headline tax rate of at least 15%; and
- c) no tax is paid in that tax jurisdiction because:

² The main conditions to be satisfied are:

- a) Tax must have been paid on the specified foreign income received in Singapore; and
- b) At the time the specified foreign income is received in Singapore, the headline tax rate of the foreign jurisdiction from which the income is received is at least 15%. For more details, please refer to the IRAS e-tax guide entitled “Tax exemption for foreign-sourced income”.

(I) Dividend

the foreign-sourced dividend is paid out of –

- i) capital gains which are not subject to tax in that tax jurisdiction;
- ii) underlying profits derived from substantive business activities carried out in that tax jurisdiction but the profits are not subject to tax due to –
 - aa) set-off of unutilised losses or capital allowances; or
 - bb) the rules under a tax consolidation regime of that tax jurisdiction;

(II) Branch profits

the branch profits are not subject to tax in that tax jurisdiction because –

- i) the profits are capital gains which are not subject to tax in that tax jurisdiction; or
- ii) of set-off of unutilised losses or capital allowances;

(III) Service income

the service income is not subject to tax in that tax jurisdiction due to set-off of unutilised losses or capital allowances.

4.2.2 **Scenario B**

- a) The specified foreign income to be received in Singapore originates from substantive business activities carried out in the foreign tax jurisdiction from which the income is received;
- b) tax is paid in that tax jurisdiction;
- c) that tax jurisdiction has a headline tax rate of lower than 15%;
- d) that tax jurisdiction is a party to an Avoidance of Double Taxation Agreement (DTA) signed, but pending ratification, with Singapore i.e. has not been effected in law; and
- e) when ratified, the DTA provides for exemption of tax on specified foreign income.

4.2.3 **Scenario C**

- a) The specified foreign income to be received in Singapore originates from substantive business activities carried out in the foreign tax jurisdiction from which the income is received;
- b) that tax jurisdiction has a headline tax rate of lower than 15%;
- c) that tax jurisdiction is a party to a DTA signed, but pending ratification, with Singapore i.e. has not been effected in law;
- d) when ratified, the DTA provides for exemption of tax on specified foreign income; and
- e) no tax is paid in that jurisdiction because:

(I) Dividend

the foreign-sourced dividend is paid out of –

- i) capital gains which are not subject to tax in that tax jurisdiction;
- ii) underlying profits derived from substantive business activities carried out in that tax jurisdiction which are not subject to tax due to –
 - aa) set-off of unutilised losses or capital allowances;
 - bb) the rules under a tax consolidation regime of that tax jurisdiction; or
 - cc) that tax jurisdiction granting tax incentive for substantive business activities carried out in that tax jurisdiction.

(II) Branch profits

the branch profits are not subject to tax in that tax jurisdiction because –

- i) the profits are capital gains which are not subject to tax in that tax jurisdiction;
- ii) of set-off of unutilised losses or capital allowances; or
- iii) that tax jurisdiction granting tax incentive for substantive business activities carried out in that tax jurisdiction.

(III) Service income

the service income is not subject to tax in that tax jurisdiction due to:

- i) set-off of unutilised losses or capital allowances; or

- ii) that tax jurisdiction granting tax incentive for substantive business activities carried out in that tax jurisdiction.

4.2.4 **Scenario D**

- a) The specified foreign income to be received in Singapore originates from substantive business activities carried out in a foreign tax jurisdiction (say country A) with headline tax rate of at least 15%;
- b) tax was paid in that jurisdiction (i.e. country A);
- c) the income was subsequently moved to or invested in other foreign tax jurisdiction(s) (say country B and then country C in that order); and
- d) the latter tax jurisdictions (i.e. country B and country C) did not levy any tax on such income before or when the income is remitted back to Singapore from the last tax jurisdiction (i.e. country C).

4.2.5 **Scenario E**

- a) The foreign-sourced dividend to be received in Singapore originates from profits derived from substantive business activities carried out in a foreign tax jurisdiction;
- b) that tax jurisdiction has a headline tax rate of at least 15%; and
- c) tax is paid on the originating profits in that jurisdiction.

This scenario covers the following situations:

- i) where a dividend is paid out of profits derived from substantive business activities carried out in, say, country A and the dividend is then flowed through one or more levels of companies in country A before the dividend is paid to the Singapore resident company;
- ii) where a dividend is paid out of profits derived from substantive business activities carried out in, say, country E to a company in a second jurisdiction (say, country D) and it in turn pays a dividend to a company in a third jurisdiction (say, country C) and so on (say, to a company in country B, then to a company in country A). The company in country A then pays a dividend to the Singapore resident company out of the dividend it receives from country B;
- iii) where substantive business activities are carried out in the foreign tax jurisdiction (say, country E) through a branch instead of a company in that jurisdiction and the branch profits are flowed through one or more levels of companies in country E or elsewhere before the dividend is paid to the Singapore resident company.

4.2.6 **Scenario F**

- a) The foreign-sourced dividend to be received in Singapore originates from profits derived from substantive business activities carried out in a foreign tax jurisdiction (say, country E);
- b) that tax jurisdiction has a headline tax rate of at least 15%;
- c) the dividend is paid to the Singapore resident company based on situations mentioned in sub-paragraphs (i) to (iii) of paragraph 4.2.5;
- d) no tax is paid on the income in the foreign tax jurisdiction(s) due to the circumstances described below:
 - i) the originating profits are not subject to tax in country E because -
 - aa) they are capital gains; or
 - bb) of set-off of unutilised losses or capital allowances; or
 - cc) of the rules under a tax consolidation regime of country E; or
 - dd) the profits are exempt from tax as a consequence of country E granting tax incentive for substantive business activities carried out in country E; and
 - ii) the dividend paid out of profits derived from substantive business activities carried out in country E and received in the different foreign tax jurisdiction(s) was not subject to tax in those jurisdiction(s) due to -
 - aa) the participation exemption regime of the jurisdiction(s); or
 - bb) the jurisdiction(s) not taxing foreign-sourced dividend received in the jurisdiction(s).

4.3 Examples are provided in Annex 1 to illustrate some of the above scenarios.

4.4 To qualify for section 13(12) tax exemption for the specified scenarios in paragraphs 4.2.1 to 4.2.6, the following conditions must be met:

- a) the taxpayer is able to track the source of income;
- b) there is no round tripping of locally-sourced income via the overseas investment;
- c) the taxpayer which receives the specified foreign income is not a shell company; and
- d) the CIT is satisfied that the above conditions are met.

- 4.5 For the purpose of verifying whether the above conditions are met, the taxpayer must submit a section 13(12) declaration form (provided in Annex 4)³ to IRAS. Where the CIT is satisfied that the conditions in paragraph 4.4 are met, he will advise the taxpayer accordingly. In such a case, the specified foreign income received/to be received in Singapore will qualify for section 13(12) tax exemption.
- 4.6 The timeline to submit the section 13(12) declaration form to IRAS is as follows:

Year of Assessment (“YA”) relating to the basis period in which the specified foreign income is received in Singapore	When to submit the declaration form
YA 2013 and before	Before the specified foreign income is received in Singapore
YA 2014 onwards	<p>On or before the tax return filing due date for the YA relating to the basis period in which the specified foreign income from each source is received in Singapore and tax exemption is claimed for the first time.</p> <p>For example, a company which first receives a recurring stream of specified foreign income from a particular source during its financial year ended 31 December 2018 can submit the declaration form to IRAS by 30 November 2019 i.e. the tax return filing due date for the YA 2019. When the same type of specified foreign income from the same source is received in Singapore in the next financial year, the company does not need to submit the declaration form again.</p>

5 S-REITs

- 5.1 The trustees of S-REITs may own foreign properties directly or indirectly through companies / foreign trusts / foreign branches.
- 5.2 Section 13(12) tax exemption will be granted on S-REIT foreign income received by the trustees of S-REITs or their wholly-owned Singapore resident

³ The form is also downloadable from IRAS' website at www.iras.gov.sg.

subsidiary company if the CIT is satisfied that the qualifying conditions listed in paragraph 5.3 are met.

5.3 The qualifying conditions are:

	Foreign-sourced dividends / trust distributions by foreign trusts / foreign branch profits	Foreign-sourced interest
a)	The entity from which the income originates, owns overseas properties or engages in property-related activities, or other activities in line with the regulatory requirements imposed on S-REIT and the overseas properties are situated in a foreign tax jurisdiction with headline tax rate of at least 15%.	Same
b)	Dividend/trust distribution/branch profits must originate from: i) Property rental income from underlying overseas property; or ii) Capital gains from disposal of overseas property or special purpose vehicle that holds the overseas property, or iii) Income derived from property-related activities, or other activities in line with the regulatory requirements imposed on S-REIT.	Same
c)	In respect of property rental income, tax has been paid in the foreign tax jurisdiction in which the property is situated;	Tax has been paid in the foreign tax jurisdiction on the interest income. Where there is no foreign tax paid on the interest income, the interest must be incurred on borrowings by the payer to acquire the underlying overseas properties and the income and/or capital gains from such properties are subject to tax in the foreign tax jurisdiction unless tax incentives apply to exempt the income and/or gains.

d)	Funds channelled out of Singapore to finance the investment in the entity [specified in (a)] must originate from the following sources: i) Funds received by the trustee of an S-REIT from issue of its units ⁴ ; ii) Permissible borrowings under the Property Trust Fund guidelines; iii) Security deposits from tenants or properties owned by the trustee of an S-REIT; iv) Undistributed income of the trustee of an S-REIT;	Funds channelled out of Singapore to finance the loan to the entity [specified in (a)] must originate from the following sources: i) Funds received by the trustee of an S-REIT from issue of its units; ii) Permissible borrowings under the Property Trust Fund guidelines; iii) Security deposits from tenants or properties owned by the trustee of an S-REIT; or iv) Undistributed income of the trustee of an S-REIT.
e)	There is no round tripping of locally-sourced income via the overseas investment and there is no setting up of artificial structure (e.g. incorporation of a shell company in Singapore) to avoid Singapore tax.	Same
f)	Where the section 13(12) tax exemption is sought by a wholly-owned Singapore resident subsidiary company of an S-REIT, the full amount of the remitted income less incidental expenses associated with the remittance, statutory expenses and administrative expenses incurred by the subsidiary company, must be passed through to the S-REIT.	Same
g)	The CIT is satisfied that the above conditions are met.	Same

5.4 Examples are provided in Annex 2 to illustrate some of the scenarios under which S-REIT foreign income received by a trustee of an S-REIT or its wholly-owned Singapore resident subsidiary company in Singapore will qualify for section 13(12) tax exemption.

⁴ Where the investment has been financed by way of issuance of units in the S-REIT to the seller, it will be considered to have satisfied this condition.

- 5.5 For the purpose of verifying whether the above conditions are met, the taxpayer must submit a section 13(12) declaration form (provided in Annex 4)³ to IRAS. Where the CIT is satisfied that the conditions in paragraph 5.3 are met, he will advise the taxpayer accordingly. In such a case, the S-REIT foreign income received/to be received in Singapore will qualify for section 13(12) tax exemption. Please refer to paragraph 4.6 for the timeline to submit the declaration form.
- 5.6 To align the section 13(12) tax exemption for S-REITs with that for companies and qualifying offshore infrastructure project/asset (elaborated in paragraph 6), the tax exemption will apply to S-REIT's foreign income received by the trustee of an S-REIT or its wholly-owned Singapore resident subsidiary company, that is paid out of income or gains:
- a. in respect of any overseas property which is acquired, directly or indirectly, by the trustee of an S-REIT or its wholly-owned Singapore resident subsidiary company on or before 31 December 2025⁵; and
 - b. derived, either at a time the trustee or its wholly-owned Singapore resident subsidiary company beneficially owns (directly or indirectly) the overseas property, or from the disposal by the trustee or the subsidiary company of its interest in that property.

S-REIT foreign income received in Singapore after 31 December 2025 will be granted the section 13(12) tax exemption so long as all the qualifying conditions for the tax exemption are met.

6 Qualifying offshore infrastructure project/asset

- 6.1 Resident entities⁶ which are listed in Singapore may derive foreign-sourced interest income or foreign-sourced dividend income which originates from qualifying foreign-sourced interest income which in turn originates from income from a qualifying offshore infrastructure project/asset (collectively, "infrastructure foreign income"), directly or indirectly through their wholly-owned Singapore resident subsidiary company.
- 6.2 A qualifying offshore infrastructure project/asset is a new investment made in the following areas by the entities referred to in paragraph 6.1 and to which tax exemption on the infrastructure foreign income is to be granted,
- a) electricity generation, distribution, transmission and/or alternative energy generation;
 - b) gas distribution, transmission and/or generation;

⁵ The date of acquisition refers to the date of transfer of the property to the S-REIT or its wholly-owned Singapore resident subsidiary company.

⁶ The entities include companies incorporated in Singapore and business trusts registered in Singapore

- c) waste management including waste treatment and incineration plants;
- d) roads, rail infrastructure;
- e) ports (sea and air) and/or terminals;
- f) broadcasting and/or communication facilities and/or networks;
- g) telecom facilities and/or networks;
- h) water treatment (including desalination) and/or distribution;
- i) hospitals and/or clinics;
- j) schools including tertiary institutions; and
- k) such other areas as may be approved by the Minister or such person as he may appoint.

6.3 Section 13(12) tax exemption will be granted on infrastructure foreign income received by the entities referred to in paragraph 6.1 if the CIT is satisfied that the qualifying conditions listed in paragraph 6.4 are met.

6.4 The conditions referred to in paragraph 6.3 are:

	Foreign-sourced interest	Foreign-sourced dividend
a)	The entity from which the interest income originates invests in a qualifying offshore infrastructure project/asset and the qualifying offshore infrastructure project/asset is situated in a foreign tax jurisdiction with a headline tax rate of at least 15%.	The dividend income originates from interest income which in turn originates from income from an investment in qualifying offshore infrastructure project/asset made, directly or indirectly, by the resident entity listed in Singapore and the qualifying offshore infrastructure project/asset is situated in a foreign tax jurisdiction with a headline tax rate of at least 15%.
b)	Tax has been paid on the interest income in the foreign tax jurisdiction. Where there is no foreign tax paid on the interest income, the interest must be incurred by the payer in respect of the underlying offshore qualifying infrastructure project/asset that has been used by the payer in the production of income and such income is subject to tax in the foreign tax	Tax has been paid on the interest income in the foreign tax jurisdiction from which the dividend is paid out. Where there is no foreign tax paid on the interest income, the interest must be incurred by the payer in respect of the underlying offshore qualifying infrastructure project/asset that has been used by the payer in the production of income and such income is subject to tax in the

	jurisdiction unless tax incentives apply to exempt the income.	foreign tax jurisdiction unless tax incentives apply to exempt the income.
c)	There is no round tripping of locally sourced income via the overseas investment and there is no setting up of an artificial structure (e.g. incorporation of a shell company in Singapore) to avoid Singapore tax.	Same
d)	Where the section 13(12) tax exemption is to be granted to a wholly-owned Singapore resident subsidiary company of a Singapore listed entity, the full amount of the remitted income less incidental expenses associated with the remittance, statutory expenses and administrative expenses incurred by the subsidiary company, must be passed through to the Singapore listed entity.	Same
e)	The ownership of or investment in the qualifying offshore infrastructure project/asset is substantially advised by a financial institution in Singapore where Singapore-based staff of the financial institution have a leading and substantial role in advising and structuring the investment.	Same
f)	Funds employed to derive the interest income must not be obtained from any operations in Singapore through a permanent establishment in Singapore. The interest income must only be derived by the listed resident entity or its wholly-owned Singapore resident subsidiary company mentioned in paragraph 6.1,–	Funds employed to derive the interest income out of which the dividend is paid, must not be obtained from any operations in Singapore through a permanent establishment in Singapore. The interest income must only be derived by a company who is a wholly-owned subsidiary of the listed resident entities mentioned in paragraph 6.1,–

	<p>a. from lending to a company in the same group, and this company operates or owns the qualifying offshore infrastructure assets /projects; and</p> <p>b. that originates from income from operating/owning the qualifying offshore infrastructure project/asset.</p> <p>The listed resident entity or its wholly-owned Singapore resident subsidiary company must not charge or re-charge any of its expenses to any person in Singapore.</p>	<p>a. from lending to a company in the same group, and this company operates or owns the qualifying offshore infrastructure assets /projects; and</p> <p>b. that originates from income from operating/owning the qualifying offshore infrastructure project/asset.</p> <p>The first-mentioned company must not charge or re-charge any of its expenses to any person in Singapore.</p>
g)	The CIT is satisfied that the above conditions are met.	Same

6.5 An example is provided in Annex 3 to illustrate the above scenario.

6.6 For the purpose of verifying whether the above conditions are met, the taxpayer must submit a section 13(12) declaration form (provided in Annex 4)³ to IRAS. The CIT will consider the necessary details and advise the taxpayer whether he is satisfied that the conditions in paragraph 6.4 are met. If the CIT is satisfied, the infrastructure foreign income received/to be received in Singapore will qualify for section 13(12) tax exemption for the life of the investment in the qualifying infrastructure project / asset by the entities in paragraph 6.1 as long as the qualifying conditions are met. Please refer to paragraphs 4.6 and 6.7 for the timeline to submit the declaration form.

6.7 The tax exemption scheme for infrastructure foreign income will expire on 31 December 2022 (unless specifically revoked earlier). Accordingly, where the section 13(12) declaration form is submitted to IRAS after 31 December 2022, the infrastructure foreign income will not enjoy the tax exemption, unless the scheme is extended.

7 Other scenarios

- 7.1 A resident taxpayer who expects to receive specified foreign income, S-REIT foreign income or infrastructure foreign income in Singapore but does not fall within any of the scenarios covered in paragraphs 4 to 6 may also make an application for section 13(12) tax exemption, using the section 13(12) application form⁷ before the mentioned foreign income is received in Singapore. The taxpayer must state, amongst other information, why the application should merit favourable consideration. The Minister for Finance may grant section 13(12) tax exemption if he is satisfied that the impending repatriation of the specified foreign income, S-REIT foreign income or infrastructure foreign income by the taxpayer will generate economic benefits for Singapore.

8 Administrative procedures

- 8.1 A taxpayer who wishes to avail of section 13(12) tax exemption in circumstances set out in paragraphs 4 to 6 of this e-tax guide must submit a section 13(12) declaration form to IRAS at the following address:

Inland Revenue Authority of Singapore
Corporate Tax Division
55 Newton Road
Revenue House
Singapore 307987

- 8.2 A taxpayer who wishes to apply for section 13(12) tax exemption for other scenarios must submit a section 13(12) application form to the Ministry of Finance before the foreign-sourced income is received in Singapore, at the following address:

Ministry of Finance
100 High Street #06-03
The Treasury
Singapore 179434

9 Contact information

- 9.1 For any enquiries on the contents of this e-tax guide, please call IRAS at 1800-356 8622.

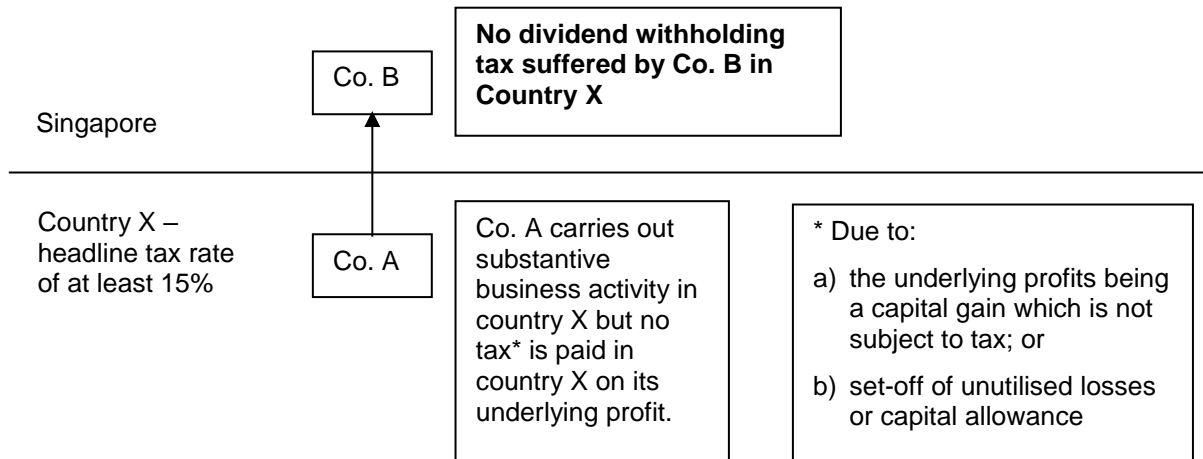
⁷ The application form for section 13(12) tax exemption is downloadable from MOF's website at www.mof.gov.sg.

10 Updates and Amendments

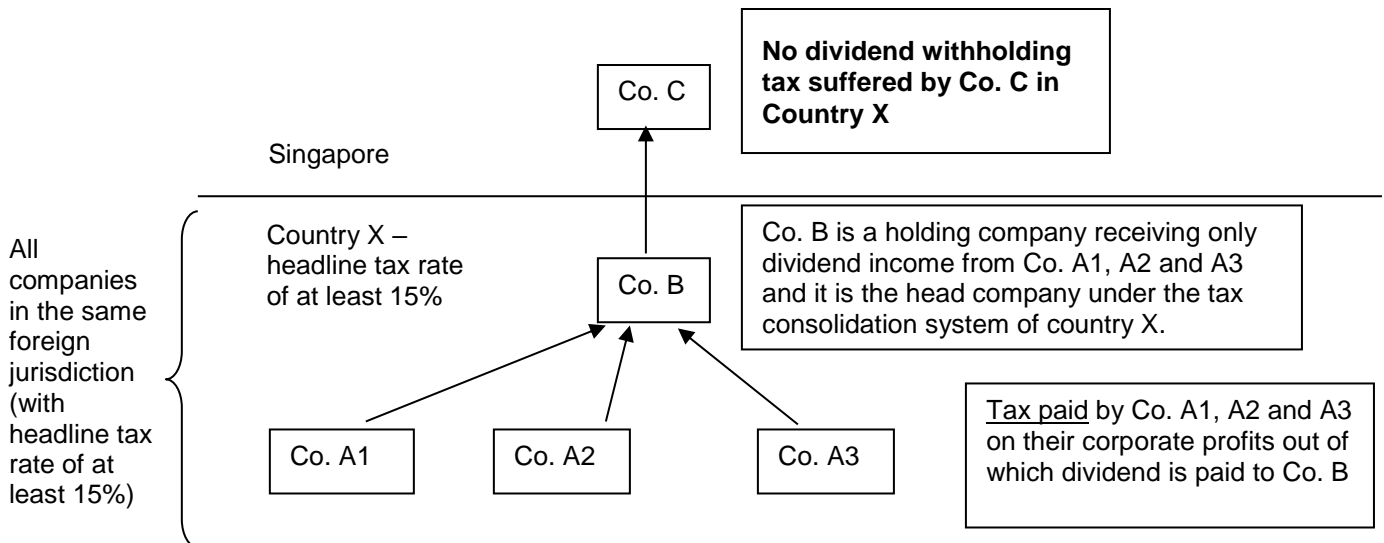
	Date of amendment	Amendments made
1	19 June 2015	Paragraphs 5.6 and 5.7 – Updated the extension of the tax exemption scheme for S-REIT foreign income as announced in the 2015 Budget.
2	6 January 2017	<p>Paragraphs 5.3(f) and 6.4(d) and Sections 3(B) and 4(B) of the Section 13(12) Declaration Form – Updated to allow deduction on statutory expenses and administrative expenses incurred by the subsidiary.</p> <p>Paragraph 5.6 – Amended the requirement such that the remitted income will be exempt from tax if it is derived at the time the property is beneficially owned by the trustee or subsidiary, or from the disposal of the property.</p> <p>Section 1(C) of Section 13(12) Declaration Form – Replaced the words “holding/ultimate holding company” with “ultimate holding entity”.</p>
3	31 March 2017	Paragraph 6.7 – Updated the extension of the tax exemption scheme for qualifying income originating from qualifying offshore infrastructure project/asset.
4	19 June 2019	<p>Paragraph 4.6 – Updated the example.</p> <p>Paragraph 5.6 – Updated the extension of the tax exemption scheme for S-REIT foreign income as announced in the 2019 Budget.</p>

Examples of specified scenarios

Example 1 – Where foreign tax jurisdiction from which specified foreign income is received has a headline tax rate of at least 15% and no tax is paid in that tax jurisdiction

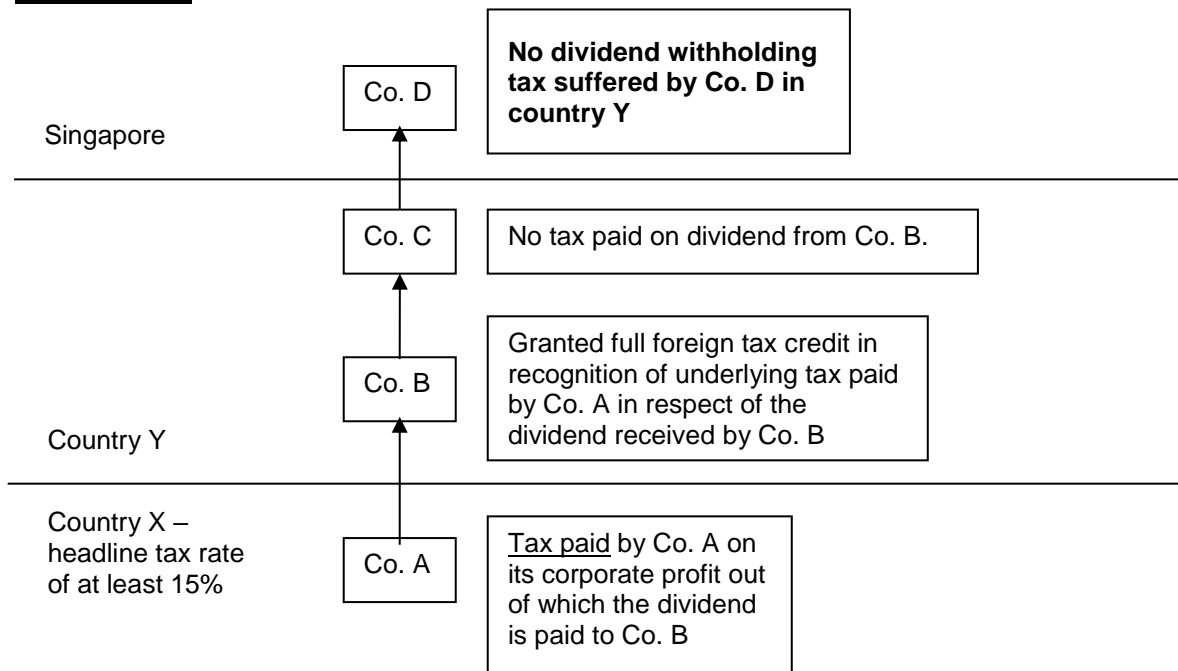


Example 2 – Where foreign-sourced dividend is received from a head company of a group of companies operating in a foreign tax jurisdiction with headline tax rate of at least 15% and a tax consolidation system

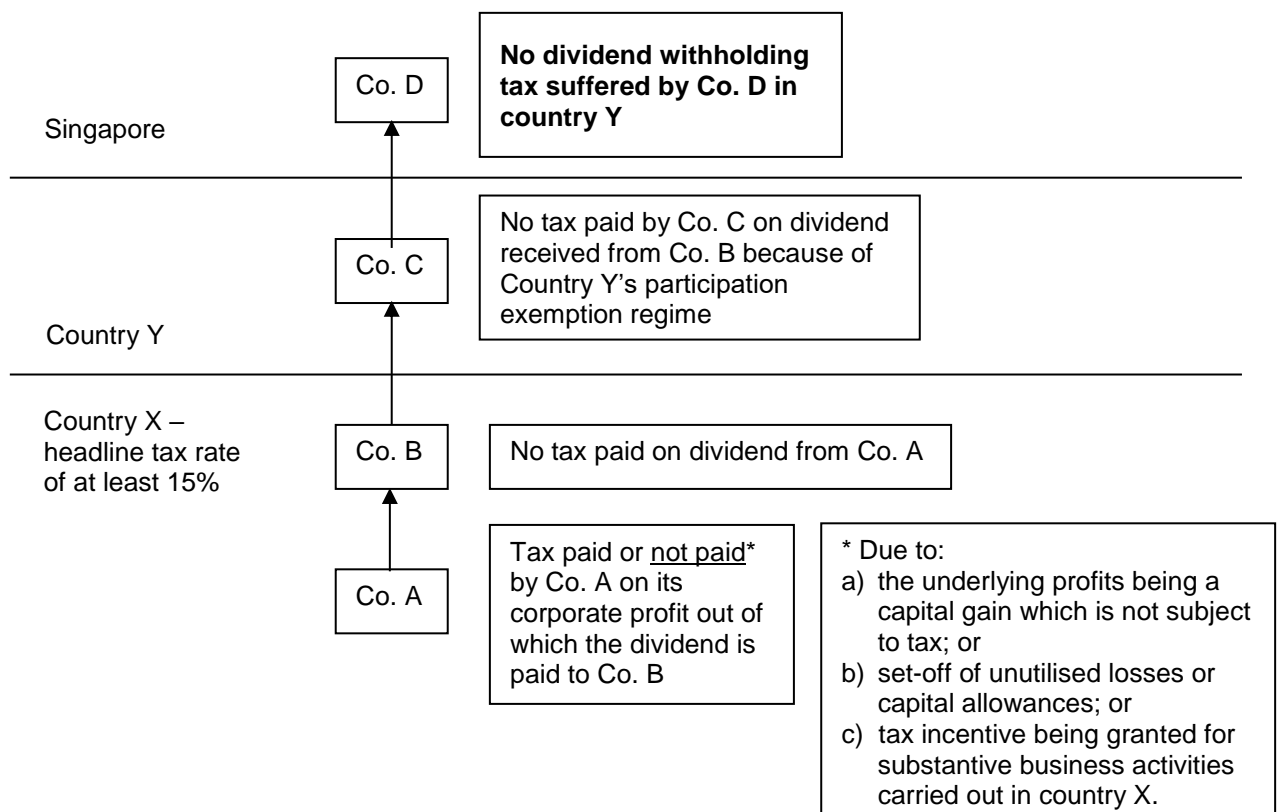


Example 3 – Where dividend originates from the underlying income derived from substantive business activities carried out in another foreign tax jurisdiction with a headline tax rate of at least 15%

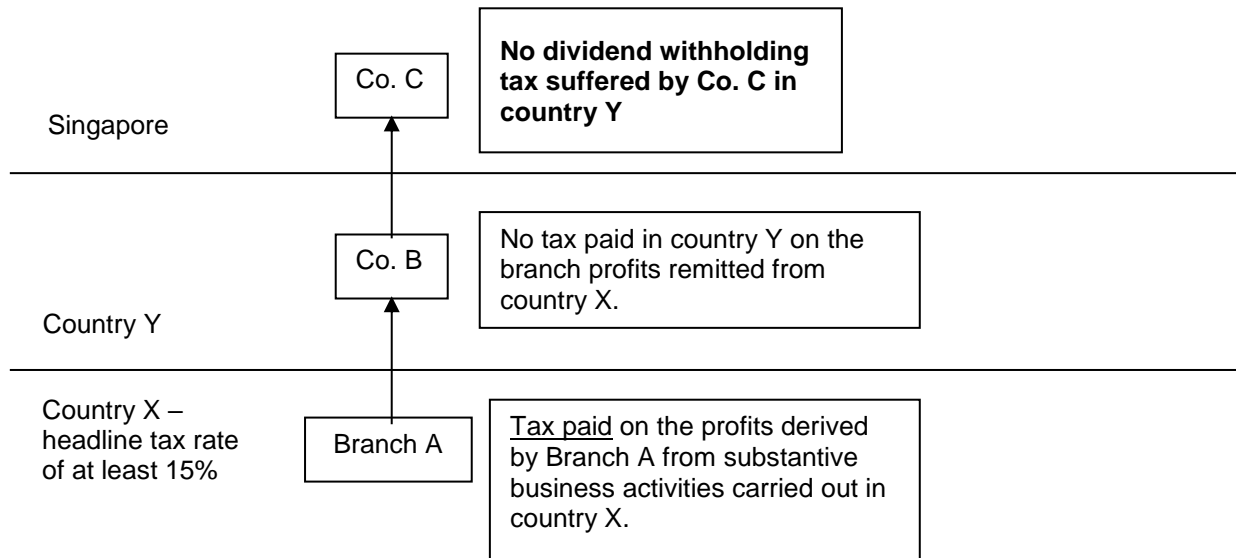
Example 3a



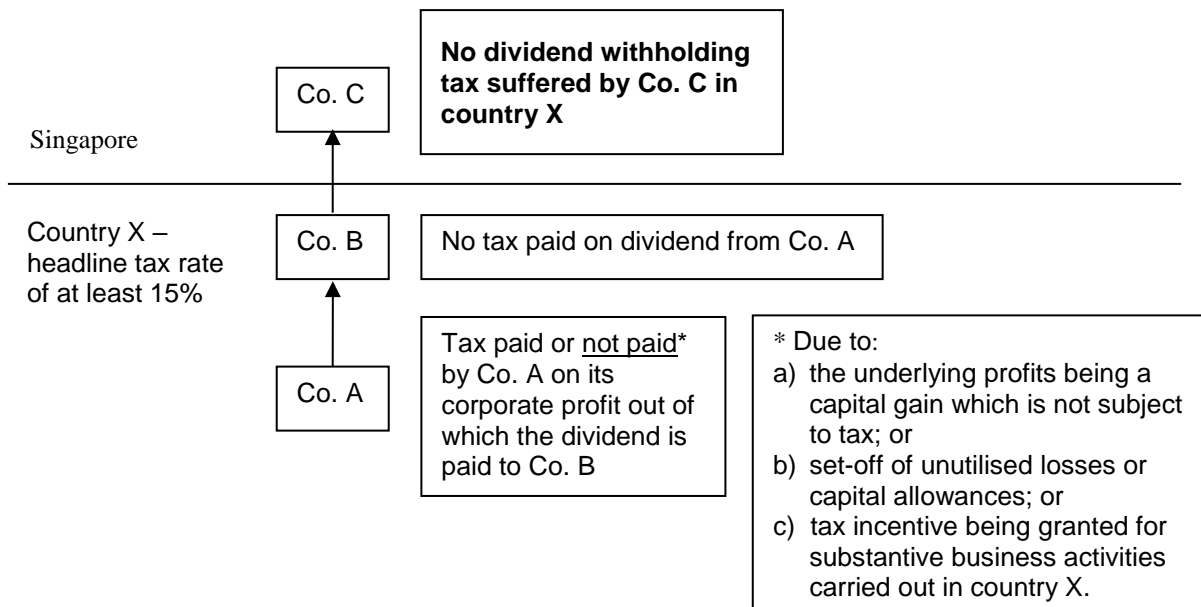
Example 3b



Example 3c

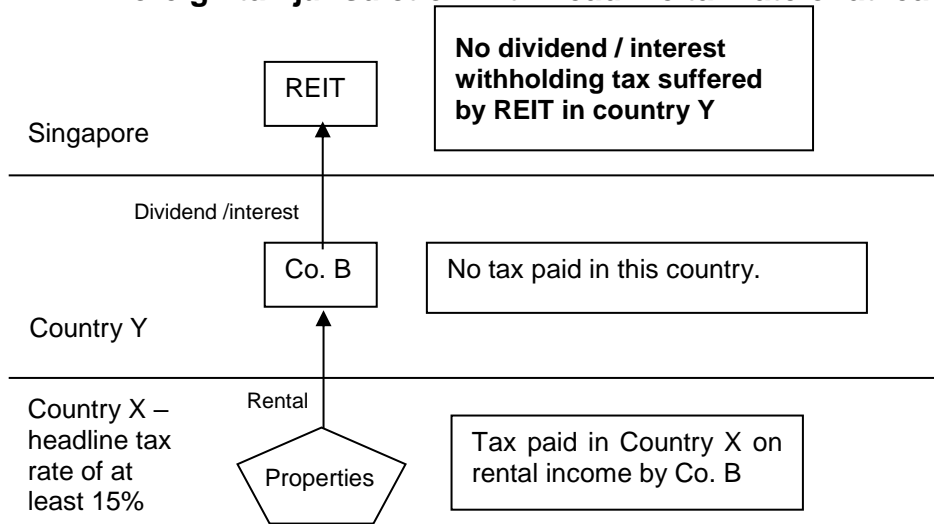


Example 3d

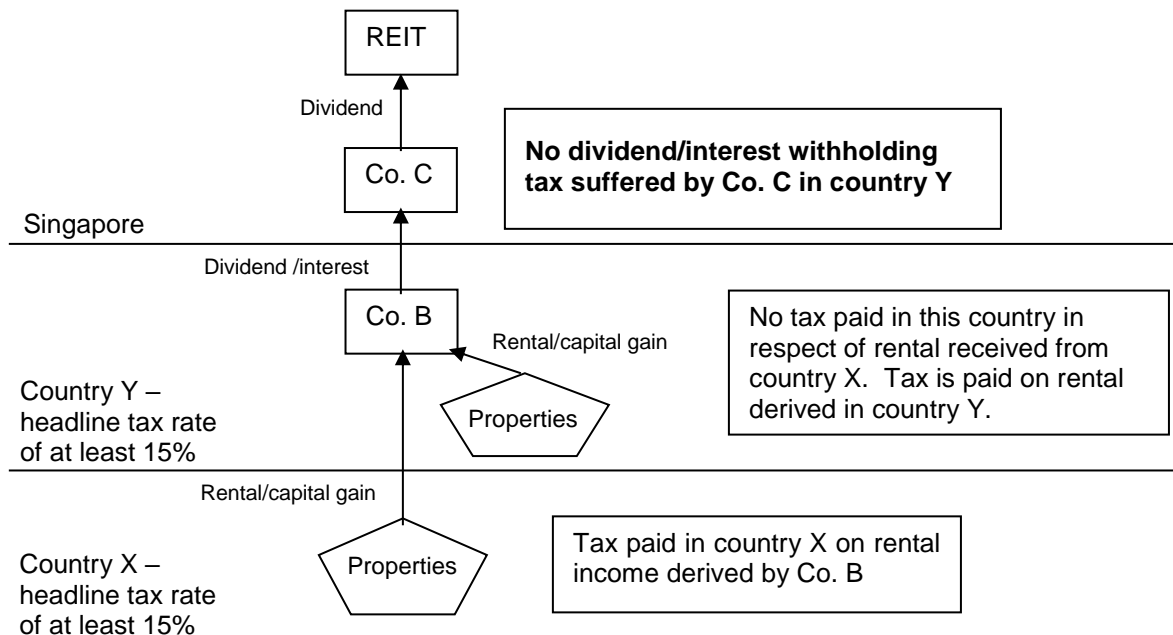


Examples of structures through which S-REIT foreign income may be received in Singapore

Example 1 – Where REIT receives dividends/interest from its foreign subsidiary companies that paid such income out of rental/capital gains derived from renting out/sale of properties situated in foreign tax jurisdiction with headline tax rate of at least 15%

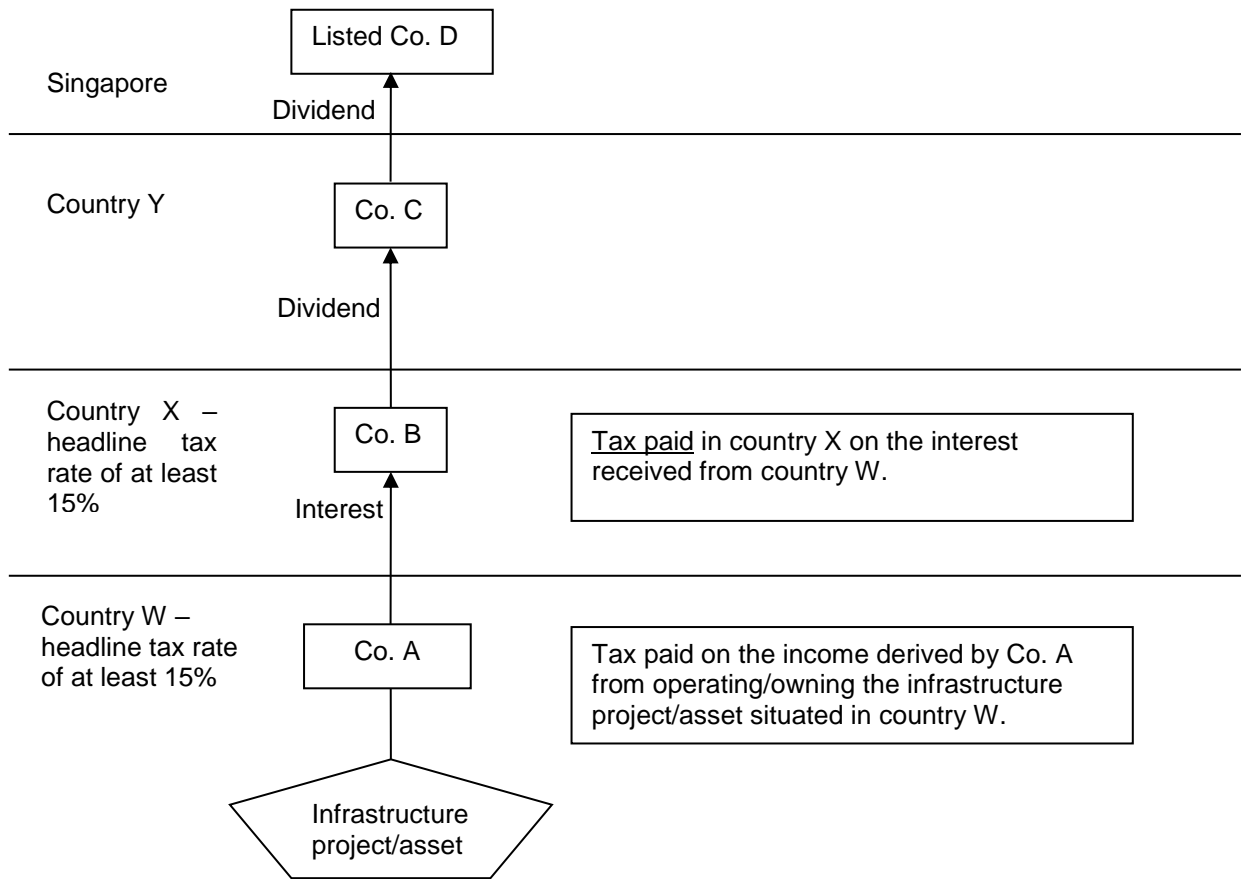


Example 2 – Where REIT's Singapore resident subsidiary company receives dividend/interest from its overseas subsidiary companies that paid such income out of rental/capital gains derived from renting out/sale of properties situated in foreign tax jurisdictions with headline tax rate of at least 15%



Example of a structure through which infrastructure foreign income may be received in Singapore

Where a listed entity receives dividend income from its foreign subsidiary that paid such income from interest income which in turn originate from income from qualifying infrastructure project/asset located in a foreign jurisdiction with a headline tax rate of at least 15%



Section 13(12) Declaration Form

Tax exemption under section 13(12) of Income Tax Act on foreign-sourced income

**Inland Revenue Authority of Singapore
(Corporate Tax Division)
55 Newton Road
Revenue House
Singapore 307987**



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Instructions

1. For tax exemption under section 13(12) as explained in paragraph 4 (Specified scenarios) of the IRAS e-tax guide entitled "*Tax exemption under section 13(12) for specified scenarios, real estate investment trusts, qualifying offshore infrastructure project/asset*", please complete sections 1, 2 and 5.
2. For tax exemption under section 13(12) as explained in paragraph 5 (S-REITs) of the abovementioned e-tax guide, please complete sections 1, 2, 3 and 5.
3. For tax exemption under section 13(12) as explained in paragraph 6 (Infrastructure project/asset) of the abovementioned e-tax guide, please complete sections 1, 2, 4 and 5.
4. Please provide the information requested as complete as possible. Where information is not yet available or inapplicable, please indicate accordingly. If space is insufficient, a separate sheet may be used.
5. All information given will be held in the strictest confidence.
6. It may take you 20 minutes to fill up this form.
7. This form should be sent to:
Inland Revenue Authority of Singapore
Corporate Tax Division
55 Newton Road
Revenue House
Singapore 307987.

Section 1 – General

A Particulars of recipient¹ of foreign-sourced income:

Name	
Income Tax Reference No.	
Address	
Telephone No.	
Principal Activities	
Place control and management of business is exercised	

B Name and Address of Officer/Representative (for contact purposes):

Name	
Designation	
Address	
Email Address	<i>(Please provide email address of the contact person of your tax agent, if applicable)</i>
Telephone No.	

C Particulars of ultimate holding entity of the recipient:

Name	
Address	
Income Tax Reference No.	
Principal Activities	

¹ In the case of a Real Estate Investment Trust receiving foreign-sourced income through its wholly-owned Singapore resident subsidiary company, or in the case of a Singapore listed entity receiving foreign-sourced interest from an offshore qualifying infrastructure project/asset through its wholly-owned Singapore resident subsidiary company, the recipient refers to the wholly-owned Singapore resident subsidiary company.

Section 2 - Details of foreign-sourced income

A	Nature of the foreign-sourced income for which tax exemption under section 13(12) is sought		
B	Name and address of the foreign entity from which the foreign-sourced income will be received and its relationship with the recipient		
C	Country from which the foreign-sourced income is to be received and the headline tax rate ² of this country	Country	Headline tax rate
D	Does the foreign-sourced income originate in the country stated in part C?	<i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> <i>(please proceed to Part D1)</i> No <input type="checkbox"/> <i>(please proceed to Part D2)</i>	
D1	If your answer to part D is Yes, please state:		
	(i) the business activities carried out in the country stated in part C which generate the underlying profits out of which the foreign-sourced income originates		
	(ii) whether income tax has been paid in the country stated in part C on the foreign-sourced income to be remitted to Singapore or on the underlying profits out of which the foreign-sourced income originates	<i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/> <i>(please state the reasons below)</i>	
D1	If your answer to part D is No, please state: (i) the country from which the foreign-sourced income originates and the headline tax rate of this country	Country	Headline tax rate

² Headline tax rate of a foreign jurisdiction refers to the highest corporate tax rate of the foreign jurisdiction. Where the specified foreign income received in Singapore is chargeable to tax under a special tax legislation of the foreign tax jurisdiction that is independent of its main legislation which charges tax on income and the special tax legislation imposes tax at a rate lower than the highest rate applicable to other companies in the tax jurisdiction under the main legislation, the headline tax rate is considered to be the highest of the tax rate stipulated in this special legislation, instead of the highest rate of tax specified in the main tax legislation.

D2	(ii) the name of the foreign entity and the business activities carried out in this country which generate the underlying profits out of which the foreign-sourced income originates		
	(iii) submit a diagram showing the holding structure through which the foreign-sourced income will be received in Singapore (giving the percentage of shareholding)	Attached as _____	
	(iv) whether income tax has been paid in this country (as stated in part (ii) above) on the foreign-sourced income to be remitted to Singapore or on the underlying profits out of which the foreign-sourced income originates	<i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/> <i>(please state the reasons below)</i>	
	(v) confirm whether the recipient is able to trace the source of the income out of which the foreign-sourced income originates (vi) provide a brief explanation of the basis for saying so	<i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/>	
E	Amount of the foreign-sourced income to be remitted to Singapore	Date	Amount to be remitted
F	Scenario ³ under which the foreign-sourced income is to be remitted to Singapore	<i>(Please circle the relevant alphabet)</i> Scenario: A / B / C / D / E / F	

³ Please refer to the IRAS e-tax guide on "Income Tax: Tax exemption under section 13(12) for specified scenarios, real estate investment trusts, qualifying offshore infrastructure project/asset and other scenarios for more details.

Section 3 – To be completed in the case of a Real Estate Investment Trust receiving foreign-sourced income directly or indirectly through its wholly-owned Singapore resident subsidiary company

<p>A</p>	<p>Please confirm: The funds channelled out of Singapore to finance the investment in the overseas properties originate from the following sources:</p> <ul style="list-style-type: none"> i) Funds received by the trustee of the S-REIT from issue of its units; ii) Permissible borrowings under the Property Trust Fund guidelines; iii) Security deposits from tenants or properties owned by the trustee of the S-REIT; or iv) Undistributed income of the trustee of the S-REIT; 	<p><i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>B</p>	<p>Where the foreign-sourced income is to be received by a wholly-owned Singapore resident subsidiary company, please confirm that all the foreign-sourced income (less incidental expenses associated with the remittance, statutory expenses and administrative expenses incurred by the subsidiary company) to be received in Singapore will be distributed by the recipient (i.e. the wholly-owned Singapore resident subsidiary company) to the Real Estate Investment Trust as dividends.</p>	<p><i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/> <i>(not applicable)</i></p>

Section 4 – To be completed in the case of a Singapore listed entity receiving foreign-sourced income from a qualifying offshore infrastructure project/asset directly, or indirectly through its wholly-owned Singapore resident subsidiary company

<p>A</p>	<p>Where there is no foreign tax paid on the interest income, please confirm that the interest has been incurred on borrowings by the payer in respect of the underlying offshore qualifying infrastructure project/asset that has been used by the payer in the production of income and such income is subject to tax in the foreign tax jurisdiction unless exempted under tax incentives.</p>	<p><i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/> <i>(not applicable)</i></p>
<p>B</p>	<p>Where the foreign-sourced income is to be received by a wholly-owned Singapore resident subsidiary company of a Singapore listed entity, please confirm that the full amount of the foreign-sourced interest or dividend income (less incidental expenses associated with the remittance, statutory expenses and administrative expenses incurred by the subsidiary company) to be</p>	<p><i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/> <i>(not applicable)</i></p>

	received in Singapore will be distributed by the Singapore resident subsidiary company to the Singapore listed entity.	
C	Please confirm that the ownership of or investment in the offshore qualifying infrastructure projects/assets is substantially advised by a financial institution in Singapore where Singapore-based staff of the financial institution have a leading and substantial role in advising and structuring the investment. <i>(Please refer to paragraph 6.4(e) of the e-tax guide for the definition of “substantially advised”).</i>	<i>(Please tick the relevant box)</i> Yes <input type="checkbox"/> No <input type="checkbox"/>

Section 5 - Declaration

I declare that the particulars stated above and the accompanying information are true and correct to the best of my/our knowledge.

Date

Authorised signature of recipient

**Name (in block letters) and designation
in company/real estate investment trust/
infrastructure trust**