

No. S 845

INCOME TAX ACT 1947

INCOME TAX
(SHIPPING ENTERPRISES —
SECTION 13(4) EXEMPTION) NOTIFICATION 2025

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In exercise of the powers conferred by section 13(4) of the Income Tax Act 1947, the Minister for Finance makes the following Notification:

PART 1

PRELIMINARY

Citation and commencement

1. This Notification is the Income Tax (Shipping Enterprises — Section 13(4) Exemption) Notification 2025 and is deemed to have come into operation on 24 February 2015.

General definitions

2.—(1) In this Notification —

“applicable date”, in relation to an applicable loan or applicable finance lease, means the date on which the agreement for the applicable loan or the applicable finance lease is entered into;

“applicable finance lease” has the meaning given by paragraph 10;

“applicable loan” has the meaning given by paragraph 3(1) or 4(1), as the case may be;

“approved international shipping enterprise” has the meaning given by section 13E of the Act;

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“approved shipping investment enterprise” has the meaning given by section 13P of the Act, and includes a partnership approved by the Minister (or any other person that the Minister may appoint) under section 13P of the Act as applied by section 36 of the Act;

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“Authority” means the Maritime and Port Authority of Singapore established by section 4 of the Maritime and Port Authority of Singapore Act 1996;

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“finance lease”, in relation to a ship, means a lease of the ship (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to the ownership of the ship to the lessee;

“foreign ship” means a ship that is not registered or provisionally registered or, in the case of a ship under construction, not intended to be registered, under the Merchant Shipping Act 1995;

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“international shipping enterprise” has the meaning given by section 13E of the Act;

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“pre-delivery payment amount”, in relation to a ship that is under construction on the applicable date, means —

- (a) in the case of an applicable loan — the amount of a qualifying payment liable to be made by a shipping enterprise under the agreement for the applicable loan before the delivery of the ship to the shipping enterprise or its special purpose vehicle, being an amount attributable to the part of the loan that is for the financing of a purpose specified in paragraph 3(2); or
- (b) in the case of an applicable finance lease — the amount of a qualifying payment liable to be made by a shipping enterprise under the applicable finance lease before the delivery of the ship to the shipping enterprise, being an amount attributable to the lease of that ship;

“qualifying payment”, in relation to an agreement for an applicable loan or an applicable finance lease, means any of the following payments made in connection with the applicable loan or applicable finance lease:

- (a) either —
 - (i) for the applicable loan — interest; or
 - (ii) for the applicable finance lease — any payment liable to be made by the lessee to the lessor under the finance lease that is not attributable to the repayment of principal;
- (b) front-end fees;
- (c) commitment fees;
- (d) interest rate swap payments;
- (e) currency swap payments;

- (f) arranger fees;
- (g) arrangement fees;
- (h) retainer fees;
- (i) agency fees;
- (j) security trustee fees;

“relevant fees and costs” means —

- (a) any of the following fees or costs incurred to bring a ship under construction to a seaworthy state:
 - (i) classification fees;
 - (ii) certification fees;
 - (iii) marine insurance costs;
 - (iv) supervision fees;
 - (v) testing or commissioning fees; and
- (b) the costs incurred to purchase and install vessel navigation and safety equipment on board a ship;

“relevant premiums” means the insurance premiums payable to export credit agencies to guarantee a loan;

“shipping enterprise” means a company that owns or operates, or both owns and operates, one or more ships, and includes an approved international shipping enterprise and an approved shipping investment enterprise;

“shipping investment enterprise” has the meaning given by section 13P of the Act, and includes a partnership under section 13P of the Act as applied by section 36 of the Act;

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“special purpose vehicle” means a company —

- (a) that is incorporated for the purpose of —
 - (i) owning or operating any ship; or
 - (ii) both owning and operating any ship; or

(b) whose only business is or is to be —

(i) the owning or operating of any ship; or

(ii) both the owning and operating of any ship;

“specified person”, in relation to an applicable loan or applicable finance lease, means a person who —

(a) is not resident in Singapore; and

(b) either —

(i) does not (alone or in association with others) carry on a business in Singapore, and does not have a permanent establishment in Singapore; or

(ii) carries on a business in Singapore (alone or in association with others) or has a permanent establishment in Singapore, but no arrangement, management or service relating to the applicable loan or applicable finance lease is made or performed through that business or permanent establishment.

(2) For the purposes of this Notification, unless otherwise provided —

(a) a ship meets the registration requirement if —

(i) the ship is registered or provisionally registered under the Merchant Shipping Act 1995; or

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(ii) where the ship is under construction — the ship is to be registered or provisionally registered under the Merchant Shipping Act 1995 before or upon completion of its construction; and

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(b) a ship is not regarded as registered or provisionally registered under the Merchant Shipping Act 1995 if its registry under that Act is closed or deemed to be closed or is suspended.

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(3) In this Notification —

- (a) a reference to a ship that meets the registration requirement is a reference to a ship that meets such requirement on the applicable date;
- (b) a reference to a ship that is under construction includes a reference to a ship that is intended by the parties to the applicable loan or applicable finance lease (as the case may be) to be constructed;
- (c) a reference to a foreign ship is a reference to a ship that is a foreign ship on the applicable date; and
- (d) a reference to an applicable loan obtained by an approved international shipping enterprise or approved shipping investment enterprise (including a shipping enterprise that is both of these enterprises) includes a reference to an applicable loan obtained by the enterprise before it is approved as such.

PART 2

APPLICABLE LOANS

Division 1 — Meaning of “applicable loan”

Meaning of “applicable loan” obtained by shipping enterprise

3.—(1) In this Notification, an applicable loan obtained by a shipping enterprise (including an approved international shipping enterprise and an approved shipping investment enterprise) is a loan (or other arrangement similar to a loan) obtained on or before 31 May 2021 by the shipping enterprise —

- (a) solely for one or more of the purposes specified in sub-paragraph (2); or
- (b) for purposes which include one or more of the purposes specified in sub-paragraph (2).

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- (2) The purposes mentioned in sub-paragraph (1) are —
- (a) the acquisition by the shipping enterprise of one or more ships, at least one of which meets the registration requirement;
 - (b) the acquisition by the shipping enterprise of all the shares of a special purpose vehicle that —
 - (i) on the applicable date has sole legal and beneficial ownership of one or more ships, each of which meets the registration requirement; and
 - (ii) does not own any foreign ship on the applicable date;
 - (c) the acquisition by the shipping enterprise of all the shares issued by a special purpose vehicle in a single issue (called in this paragraph the additional shares), where —
 - (i) the shipping enterprise has sole legal and beneficial ownership of all the shares of the special purpose vehicle immediately before the additional shares are issued;
 - (ii) the purpose or purposes for the acquisition of the additional shares is or are or include one or both of the following:
 - (A) the financing of the acquisition by the special purpose vehicle of one or more ships, each of which meets the registration requirement;
 - (B) the financing of the costs incurred for lengthening or conversion works carried out on one or more ships (each of which meets the registration requirement) owned by the special purpose vehicle;
 - (iii) the special purpose vehicle has sole legal and beneficial ownership of the following, where applicable:
 - (A) each ship mentioned in sub-paragraph (ii)(A) upon the acquisition of the ship;

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- (B) each ship mentioned in sub-paragraph (ii)(B) on which the lengthening or conversion works are carried out; and
 - (iv) the special purpose vehicle does not own any foreign ship on the applicable date;
- (d) the grant of a loan by the shipping enterprise to a special purpose vehicle, where —
- (i) the shipping enterprise has sole legal and beneficial ownership of all the shares of the special purpose vehicle;
 - (ii) the purpose or purposes for which the loan is granted by the shipping enterprise is or are or include one or both of the following:
 - (A) the financing of the acquisition by the special purpose vehicle of one or more ships, each of which meets the registration requirement;
 - (B) the financing of the costs incurred for lengthening or conversion works carried out on one or more ships (each of which meets the registration requirement) owned by the special purpose vehicle;
 - (iii) the special purpose vehicle has sole legal and beneficial ownership of the following, where applicable:
 - (A) each ship mentioned in sub-paragraph (ii)(A) upon the acquisition of the ship;
 - (B) each ship mentioned in sub-paragraph (ii)(B) on which the lengthening or conversion works are carried out; and
 - (iv) the special purpose vehicle does not own any foreign ship on the applicable date;
- (e) the financing of any costs incurred for lengthening or conversion works carried out on one or more ships (at least

one of which meets the registration requirement) owned by the shipping enterprise; and

- (f) the financing of qualifying payments on a previous loan obtained by the shipping enterprise solely for one or more of the following purposes, or for purposes which include one or more of the following:
- (i) the acquisition of one or more ships, at least one of which meets the registration requirement at the time the previous loan is entered into;
 - (ii) the acquisition of all the shares of a special purpose vehicle that, at the time the previous loan is entered into, has sole legal and beneficial ownership of one or more ships, each of which meets the registration requirement, and does not own any foreign ship;
 - (iii) the acquisition of all the shares issued by a special purpose vehicle in a single issue in the circumstances mentioned in sub-paragraph (c)(i), (ii) and (iii), where the special purpose vehicle does not own any foreign ship at the time the previous loan is entered into;
 - (iv) the grant of a loan by the shipping enterprise to a special purpose vehicle in the circumstances mentioned in sub-paragraph (d)(i), (ii) and (iii), where the special purpose vehicle does not own any foreign ship at the time the previous loan is entered into;
 - (v) the financing of any costs incurred for lengthening or conversion works carried out on one or more ships (at least one of which meets the registration requirement at the time the previous loan is entered into) owned by the shipping enterprise.

(3) For the purposes of sub-paragraph (2)(b), (c), (d)(i) and (f)(ii) and (iii), any treasury share in a special purpose vehicle is to be disregarded when determining whether a shipping enterprise —

- (a) has sole legal and beneficial ownership of all the shares of the special purpose vehicle; or
- (b) acquires all the shares of or issued by the special purpose vehicle.

(4) A reference to the acquisition or the financing of the acquisition of one or more ships in a provision in the first column of the following table, includes a reference to the financing of any relevant fees and costs and any relevant premiums if (and only if) the circumstance in the second column of the table corresponding to that provision exists:

<i>First column</i>	<i>Second column</i>
(a) Sub-paragraph (2)(a) or (f)(i)	The loan or previous loan (as the case may be) obtained by the shipping enterprise is for both the acquisition of the ship or ships by the shipping enterprise and the financing of the relevant fees and costs and the relevant premiums
(b) Sub-paragraph (2)(c)(ii)(A) (including that provision as applied in sub-paragraph (2)(f)(iii))	The acquisition by the shipping enterprise of the additional shares of the special purpose vehicle is for both the financing of the acquisition of the ship or ships by the special purpose vehicle and the financing of the relevant fees and costs and the relevant premiums
(c) Sub-paragraph (2)(d)(ii)(A) (including that provision as applied in sub-paragraph (2)(f)(iv))	The loan granted by the shipping enterprise to the special purpose vehicle is for both the financing of the acquisition of the ship or ships by the special purpose vehicle and the financing of the relevant fees and costs and the relevant premiums

(5) A reference in sub-paragraph (2)(c)(ii)(B), (d)(ii)(B), (e) or (f)(v) to the financing of any costs incurred for lengthening or conversion works carried out on one or more ships includes a reference to the financing of any relevant fees and costs and any relevant premiums if (and only if) the loan or previous loan (as the case may be) obtained by the shipping enterprise is for both the financing of the costs incurred for the lengthening or conversion works and the financing of the relevant fees and costs and the relevant premiums.

Meaning of “applicable loan” obtained by approved international shipping enterprise or approved shipping investment enterprise

4.—(1) In this Notification, an applicable loan obtained by an approved international shipping enterprise or approved shipping investment enterprise (*X*) is a loan (or other arrangement similar to a loan) obtained on or before 31 May 2021 by *X* —

- (a) solely for one or more of the purposes specified in sub-paragraph (2); or
 - (b) for purposes which include one or more of the purposes specified in sub-paragraph (2).
- (2) The purposes mentioned in sub-paragraph (1) are —
- (a) the acquisition by *X* of one or more ships, at least one of which is a foreign ship;
 - (b) the acquisition by *X* of all the shares of a special purpose vehicle that on the applicable date has sole legal and beneficial ownership of one or more ships, at least one of which is a foreign ship;
 - (c) the acquisition by *X* of all the shares issued by a special purpose vehicle in a single issue (called in this paragraph the additional shares), where —
 - (i) *X* has sole legal and beneficial ownership of all the shares of the special purpose vehicle immediately before the additional shares are issued;

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- (ii) the purpose or purposes for the acquisition of the additional shares is or are or include one or both of the following:
 - (A) the financing of the acquisition by the special purpose vehicle of one or more ships, at least one of which is a foreign ship;
 - (B) the financing of the costs incurred for lengthening or conversion works carried out on one or more ships (at least one of which is a foreign ship) owned by the special purpose vehicle; and
 - (iii) the special purpose vehicle has sole legal and beneficial ownership of the following, as applicable:
 - (A) each ship mentioned in sub-paragraph (ii)(A) that is a foreign ship upon the acquisition of the ship;
 - (B) each ship mentioned in sub-paragraph (ii)(B) that is a foreign ship on which the lengthening or conversion works are carried out;
 - (d) the grant of a loan by *X* to a special purpose vehicle, where —
 - (i) *X* has sole legal and beneficial ownership of all the shares of the special purpose vehicle;
 - (ii) the purpose or purposes for which the loan is granted by the shipping enterprise is or are or include one or both of the following:
 - (A) the financing of the acquisition by the special purpose vehicle of one or more ships, at least one of which is a foreign ship;
 - (B) the financing of the costs incurred for lengthening or conversion works carried out on one or more ships (at least one of which is a foreign ship) owned by the special purpose vehicle; and

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- (iii) the special purpose vehicle has sole legal and beneficial ownership of the following, where applicable:
 - (A) each ship mentioned in sub-paragraph (ii)(A) that is a foreign ship upon the acquisition of the ship;
 - (B) each ship mentioned in sub-paragraph (ii)(B) that is a foreign ship on which the lengthening or conversion works are carried out;
 - (e) the financing of any costs incurred for lengthening or conversion works carried out on one or more ships (at least one of which is a foreign ship) owned by *X*; and
 - (f) the financing of qualifying payments on a previous loan obtained by *X* solely for one or more of the following purposes, or for purposes which include one or more of the following:
 - (i) the acquisition of one or more ships, at least one of which is a foreign ship at the time the previous loan is entered into;
 - (ii) the acquisition of all the shares of a special purpose vehicle that, at the time the previous loan is entered into, has sole legal and beneficial ownership of one or more ships, at least one of which is a foreign ship;
 - (iii) the acquisition of all the shares issued by a special purpose vehicle in a single issue in the circumstances mentioned in sub-paragraph (c)(i), (ii) and (iii), where the special purpose vehicle owns at least one foreign ship at the time the previous loan is entered into;
 - (iv) the grant of a loan by *X* to a special purpose vehicle in the circumstances mentioned in sub-paragraph (d)(i), (ii) and (iii), where the special purpose vehicle owns at least one foreign ship at the time the previous loan is entered into;

- (v) the financing of any costs incurred for lengthening or conversion works carried out on one or more ships (at least one of which is a foreign ship at the time the previous loan is entered into) owned by *X*.

(3) For the purposes of sub-paragraph (2)(b), (c), (d)(i) and (f)(ii) and (iii), any treasury share in a special purpose vehicle is to be disregarded when determining whether *X* —

- (a) has sole legal and beneficial ownership of all the shares of the special purpose vehicle; or
- (b) acquires all the shares of or issued by the special purpose vehicle.

(4) A reference to the acquisition or the financing of the acquisition of one or more ships in a provision in the first column of the following table, includes a reference to the financing of any relevant fees and costs and any relevant premiums if (and only if) the circumstance in the second column of the table corresponding to that provision exists:

<i>First column</i>	<i>Second column</i>
(a) Sub-paragraph (2)(a) or (f)(i)	The loan or previous loan (as the case may be) obtained by <i>X</i> is for both the acquisition of the ship or ships by <i>X</i> and the financing of the relevant fees and costs and the relevant premiums
(b) Sub-paragraph (2)(c)(ii)(A) (including that provision as applied in sub-paragraph (2)(f)(iii))	The acquisition by <i>X</i> of the additional shares of the special purpose vehicle is for both the financing of the acquisition of the ship or ships by the special purpose vehicle and the financing of the relevant fees and costs and the relevant premiums

<i>First column</i>	<i>Second column</i>
(c) Sub-paragraph (2)(d)(ii)(A) (including that provision as applied in sub-paragraph (2)(f)(iv))	The loan granted by <i>X</i> to the special purpose vehicle is for both the financing of the acquisition of the ship or ships by the special purpose vehicle and the financing of the relevant fees and costs and the relevant premiums

(5) A reference in sub-paragraph (2)(c)(ii)(B), (d)(ii)(B), (e) or (f)(v) to the financing of any costs incurred for lengthening or conversion works carried out on one or more ships includes a reference to the financing of any relevant fees and costs and any relevant premiums if (and only if) the loan or previous loan (as the case may be) obtained by *X* is for both the financing of the costs incurred for the lengthening or conversion works and the financing of the relevant fees and costs and the relevant premiums.

Division 2 — Exemptions in relation to applicable loan obtained by shipping enterprise

General exemption of qualifying payments under applicable loan obtained by shipping enterprise

5.—(1) Subject to sub-paragraph (2), paragraphs 7 and 9 and the conditions imposed by the Minister under section 13(4) of the Act, a qualifying payment (excluding any pre-delivery payment amount) that a shipping enterprise is liable to make on or after 24 February 2015 to a specified person under an agreement for an applicable loan obtained by the shipping enterprise, is exempt from tax.

(2) Where one or more of the following apply:

- (a) the applicable loan is obtained for more than one purpose, any one of which is not specified in paragraph 3(2);
- (b) any of the purposes specified in paragraph 3(2) for which the applicable loan is obtained relates to any ship that —
 - (i) does not meet the registration requirement; or

- (ii) is under construction on the applicable date;
- (c) any ship to which the applicable loan relates and that meets the registration requirement is disposed of;
- (d) any ship to which the applicable loan relates and that met the registration requirement described in paragraph 2(2)(a)(i), ceases to be registered or provisionally registered under the Merchant Shipping Act 1995,

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then the exemption under sub-paragraph (1) applies only to the amount of the qualifying payment derived by the formula

$$\frac{(A - (B + C))}{A} \times D,$$

where —

- (e) A is the principal of the applicable loan;
- (f) B is the part of the principal of the applicable loan that is not attributable to any purpose specified in paragraph 3(2);
- (g) C is the part of the principal of the applicable loan that is attributable to a purpose specified in paragraph 3(2) but that relates to each ship that —
 - (i) does not meet the registration requirement;
 - (ii) meets the registration requirement but is disposed of;
or
 - (iii) met the registration requirement described in paragraph 2(2)(a)(i) but ceases to be registered or provisionally registered under the Merchant Shipping Act 1995; and

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- (h) D is the amount of the qualifying payment (excluding any pre-delivery payment amount).

Specific exemption of pre-delivery payment amounts under applicable loan obtained by shipping enterprise

6.—(1) Subject to sub-paragraph (2), paragraphs 7 and 9 and the conditions imposed by the Minister under section 13(4) of the Act, where —

- (a) an applicable loan is obtained by a shipping enterprise; and
- (b) any of the purposes specified in paragraph 3(2) for which the applicable loan is obtained relates to a ship that is under construction on the applicable date,

any pre-delivery payment amount in relation to that ship that the shipping enterprise is liable to make on or after 24 February 2015 under the agreement for the applicable loan is exempt from tax.

(2) The exemption under sub-paragraph (1) is subject to the condition that the ship is registered or provisionally registered under the Merchant Shipping Act 1995 for at least one year starting on the date of the delivery of the ship to the shipping enterprise or special purpose vehicle, as the case may be.

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Other provisions applicable to exemptions under paragraphs 5 and 6

7.—(1) For the purposes of paragraphs 5 and 6, a qualifying payment under an agreement for an applicable loan excludes interest on any part of the principal of the loan that is capitalised interest on the loan.

(2) Where an applicable loan is obtained by the shipping enterprise for the purpose of financing qualifying payments on a previous loan mentioned in paragraph 3(2)(f), the exemption under paragraph 5 or 6 does not apply to interest on any part of the principal of the applicable loan that is used to finance interest on any part of the principal of the previous loan that is capitalised interest on the previous loan.

(3) The exemption under paragraph 5 or 6 does not apply to any qualifying payment liable to be made —

- (a) on or after the day that the shipping enterprise fails to satisfy any condition imposed by the Minister mentioned in paragraph 5(1) or 6(1), as the case may be; or
- (b) after the day that the shipping enterprise disposes of any of its shares in the special purpose vehicle, if the loan is for, or one of the purposes of the loan is for, a purpose mentioned in paragraph 3(2)(b), (c), (d) or (f)(ii), (iii) or (iv).

Division 3 — Exemption in relation to applicable loan obtained by approved international shipping enterprise or approved shipping investment enterprise

Exemption of qualifying payments under applicable loan obtained by approved international shipping enterprise or approved shipping investment enterprise

8.—(1) Subject to this paragraph, paragraph 9 and the conditions imposed by the Minister under section 13(4) of the Act, a qualifying payment that an approved international shipping enterprise or approved shipping investment enterprise (X) is liable to make on or after 24 February 2015 to a specified person under an agreement for an applicable loan obtained by X, is exempt from tax.

- (2) Where one or more of the following apply:
- (a) the applicable loan is obtained for more than one purpose, any one of which is not specified in paragraph 4(2);
 - (b) any of the purposes specified in paragraph 4(2) for which the applicable loan is obtained relates to any ship that is not a foreign ship;
 - (c) any foreign ship to which the applicable loan relates is disposed of,

then the exemption under sub-paragraph (1) applies only to the amount of the qualifying payment derived by the formula

$$\frac{(A - (B + C))}{A} \times D,$$

where —

- (d) A is the principal of the applicable loan;
- (e) B is the part of the principal of the applicable loan that is not attributable to any purpose specified in paragraph 4(2);
- (f) C is the part of the principal of the applicable loan that is attributable to a purpose specified in paragraph 4(2) but that relates to each ship that either —
 - (i) is not a foreign ship; or
 - (ii) is a foreign ship but is disposed of; and
- (g) D is the amount of the qualifying payment.

(3) For the purposes of sub-paragraphs (1) and (2), a qualifying payment under an agreement for an applicable loan excludes interest on any part of the principal of the loan that is capitalised interest on the loan.

(4) Where an applicable loan is obtained by X for the purpose of financing qualifying payments on a previous loan mentioned in paragraph 4(2)(f), the exemption under sub-paragraph (1) does not apply to interest on any part of the principal of the applicable loan that is used to finance interest on any part of the principal of the previous loan that is capitalised interest on the previous loan.

(5) The exemption under sub-paragraph (1) does not apply to any qualifying payment liable to be made —

- (a) on or after the day that X fails to satisfy any condition imposed by the Minister mentioned in sub-paragraph (1);
- (b) after the day that X disposes of any of its shares in the special purpose vehicle, if the loan is for, or one of the purposes of the loan is for, a purpose mentioned in paragraph 4(2)(b), (c), (d) or (f)(ii), (iii) or (iv); or
- (c) on or after the day that the approval of X as an approved international shipping enterprise or approved shipping investment enterprise (as the case may be) is revoked or withdrawn.

(6) Where —

- (a) sub-paragraph (1) has operated to exempt from tax any qualifying payment liable to be made under an agreement for an applicable loan mentioned in that sub-paragraph; and
- (b) the term of the approval of X as an approved international shipping enterprise or approved shipping investment enterprise (as the case may be) subsequently expires,

then any qualifying payment that X is liable to make under that agreement on or after the date of the expiry to a specified person mentioned in that sub-paragraph, is also exempt from tax.

(7) The exemption under sub-paragraph (6) is subject to the conditions mentioned in sub-paragraph (1) and to sub-paragraphs (2), (3), (4) and (5)(a) and (b) and paragraph 9, and for this purpose those provisions apply as if a reference to an approved international shipping enterprise or approved shipping investment enterprise were a reference to an international shipping enterprise or a shipping investment enterprise, as the case may be.

Division 4 — General provisions

General provisions applicable to exemptions under this Part

9.—(1) The exemption under paragraph 5, 6 or 8 does not apply to any payment or part of any payment liable to be made under an agreement for a loan obtained before 24 February 2015, being a payment or part of a payment that is exempt from tax under any other exemption granted under the Act or any subsidiary legislation made under the Act.

(2) The exemption under paragraph 5, 6 or 8 only applies to a qualifying payment liable to be made —

- (a) at any time on or after the date the shipping enterprise makes a declaration, in relation to the applicable loan, to the Authority, in the form specified by the Authority for the purposes of this sub-paragraph; or

(b) if the declaration mentioned in sub-paragraph (a) is made on or before the 15th day of a month — at any time on or after the first day of the previous month.

(3) Sub-paragraph (2) does not apply to any qualifying payment liable to be made under an agreement for an applicable loan in relation to which a declaration under paragraph 3(4) of the Income Tax (Exemption of Interest and Other Payments on Economic and Technological Development Loans) (No. 3) Notification 2014 (G.N. No. S 161/2014) had previously been made.

PART 3

APPLICABLE FINANCE LEASES

Meaning of “applicable finance lease”

10. In this Notification —

(a) an applicable finance lease, in relation to a shipping enterprise (including an approved international shipping enterprise and an approved shipping investment enterprise), is a lease of one or more ships (at least one of which meets the registration requirement) under a finance lease entered into by the shipping enterprise before 12 December 2018 and that is treated as a sale pursuant to regulations made under section 10C of the Act; and

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(b) an applicable finance lease, in relation to an approved international shipping enterprise or approved shipping investment enterprise, is a lease of one or more ships (at least one of which is a foreign ship) under a finance lease entered into by the approved international shipping enterprise or approved shipping investment enterprise before 12 December 2018 and that is treated as a sale pursuant to regulations made under section 10C of the Act.

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General exemption of qualifying payments under applicable finance lease entered into by shipping enterprise

11.—(1) Subject to this paragraph, paragraph 14 and the conditions imposed by the Minister under section 13(4) of the Act, a qualifying payment (excluding any pre-delivery payment amount) that a shipping enterprise is liable to make between 24 February 2015 and 11 December 2018 (both dates inclusive) to a specified person under an applicable finance lease entered into by the shipping enterprise, is exempt from tax.

(2) Where one or more of the following apply:

- (a) any ship leased under the applicable finance lease does not meet the registration requirement or is under construction on the applicable date;
- (b) any ship leased under the applicable finance lease and that meets the registration requirement is disposed of;
- (c) any ship leased under the applicable finance lease that met the registration requirement described in paragraph 2(2)(a)(i), ceases to be registered or provisionally registered under the Merchant Shipping Act 1995,

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then the exemption under sub-paragraph (1) applies only to the amount of the qualifying payment derived by the formula

$$\frac{(A - (B + C))}{A} \times D,$$

where —

- (d) A is the principal of the applicable finance lease;
- (e) B is the part of the principal of the applicable finance lease that is attributable to the leasing of those ships that do not meet the registration requirement;
- (f) C is the part of the principal of the applicable finance lease that is attributable to the leasing of each ship that meets the registration requirement but —

- (i) is disposed of; or
- (ii) in the case of a ship that met the registration requirement described in paragraph 2(2)(a)(i) — ceases to be registered or provisionally registered under the Merchant Shipping Act 1995; and

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- (g) D is the amount of the qualifying payment (excluding any pre-delivery payment amount).

(3) The exemption under sub-paragraph (1) does not apply to any qualifying payment liable to be made after the day that the applicable finance lease ceases to be treated as a sale pursuant to regulations made under section 10C of the Act.

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Specific exemption of pre-delivery payment amounts under applicable finance lease entered into by shipping enterprise

12.—(1) Subject to this paragraph, paragraph 14 and the conditions imposed by the Minister under section 13(4) of the Act, where any ship under construction on the applicable date is leased under an applicable finance lease entered into by a shipping enterprise, any pre-delivery payment amount in relation to that ship that the shipping enterprise is liable to make between 24 February 2015 and 11 December 2018 (both dates inclusive) to a specified person under the applicable finance lease, is exempt from tax.

(2) The exemption under sub-paragraph (1) is subject to the condition that the relevant ship is registered or provisionally registered under the Merchant Shipping Act 1995 for at least one year starting on the date of the delivery of the ship to the shipping enterprise.

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(3) The exemption under sub-paragraph (1) does not apply to any pre-delivery payment amount liable to be made after the day that the applicable finance lease ceases to be treated as a sale pursuant to regulations made under section 10C of the Act.

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Exemption of qualifying payments under applicable finance lease entered into by approved international shipping enterprise or approved shipping investment enterprise

13.—(1) Subject to this paragraph, paragraph 14 and the conditions imposed by the Minister under section 13(4) of the Act, a qualifying payment that an approved international shipping enterprise or approved shipping investment enterprise (X) is liable to make between 24 February 2015 and 11 December 2018 (both dates inclusive) to a specified person under an applicable finance lease entered into by X, is exempt from tax.

(2) Where one or both of the following apply:

- (a) any ship that is not a foreign ship is leased under the applicable finance lease;
- (b) any foreign ship leased under the applicable finance lease is disposed of,

then the exemption under sub-paragraph (1) applies only to the amount of the qualifying payment derived by the formula

$$\frac{A}{B} \times C,$$

where —

- (c) A is the part of the principal of the applicable finance lease that is attributable to the leasing of those foreign ships that have not been disposed of;
- (d) B is the principal of the applicable finance lease; and
- (e) C is the amount of the qualifying payment.

(3) The exemption under sub-paragraph (1) does not apply to any qualifying payment liable to be made —

- (a) after the day that the applicable finance lease ceases to be treated as a sale pursuant to regulations made under section 10C of the Act; or

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- (b) on or after the day that the approval of the approved international shipping enterprise or approved shipping

investment enterprise (as the case may be) as such is revoked or withdrawn.

(4) Where —

- (a) sub-paragraph (1) has operated to exempt from tax any qualifying payment liable to be made under an applicable finance lease mentioned in that sub-paragraph; and
- (b) the term of the approval of X as an approved international shipping enterprise or approved shipping investment enterprise (as the case may be) subsequently expires,

then any qualifying payment that X is liable to make under that applicable finance lease on or after the date of the expiry to a specified person mentioned in that sub-paragraph, is also exempt from tax.

(5) The exemption under sub-paragraph (4) is subject to the conditions mentioned in sub-paragraph (1) and to sub-paragraphs (2) and (3)(a) and paragraph 14, and for this purpose those provisions apply as if a reference to an approved international shipping enterprise or approved shipping investment enterprise were a reference to an international shipping enterprise or a shipping investment enterprise, as the case may be.

General provisions applicable to exemptions under this Part

14.—(1) The exemption under paragraph 11, 12 or 13 does not apply to any payment or part of any payment liable to be made under a finance lease obtained before 24 February 2015, being a payment or part of a payment that is exempt from tax under any other exemption granted under the Act or any subsidiary legislation made under the Act.

(2) The exemption under paragraph 11, 12 or 13 only applies to a qualifying payment liable to be made —

- (a) at any time on or after the date the shipping enterprise makes a declaration, in relation to the applicable finance lease, to the Authority in the form specified by the Authority for the purposes of this sub-paragraph; or

- (b) if the declaration mentioned in sub-paragraph (a) is made on or before the 15th day of a month — at any time on or after the first day of the previous month.

Made on 20 December 2025.

NGIAM SIEW YING
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