



MARITIME AND PORT AUTHORITY OF SINGAPORE
SHIPPING CIRCULAR
NO. 19 OF 2016

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Applicable to: This circular should be brought to the attention of all Singapore-flagged ship owners that are assessed under Section 13A of the Singapore Income Tax Act.

ENHANCEMENT OF THE MARITIME SECTOR INCENTIVE – SHIPPING ENTERPRISE (SINGAPORE REGISTRY OF SHIPS) (MSI-SRS)

To further develop Singapore as an International Maritime Centre, the Minister for Finance announced in his 2016 Budget Statement that enhancements to the Maritime Sector Incentive (MSI) will be introduced and that further details will be released by the Maritime and Port Authority of Singapore.

2 This circular sets out the details of the enhancements for Singapore-flagged ships under the MSI-SRS.

Expansion in Scope of Qualifying Income under MSI-SRS

3 With effect from **25 March 2016**, the scope of qualifying income under MSI-SRS has been expanded to include:

a. *Income derived from the operation of Singapore-flagged ships used for offshore renewable energy activity or offshore mineral activity in international waters*

Income derived from the operation of Singapore-flagged ships used for offshore renewable energy activity or offshore mineral activity would qualify for tax exemption with effect from 25 March 2016.

A ship is used for offshore renewable energy activity or offshore mineral activity if it is used for the exploration or exploitation of offshore renewable energy or offshore minerals, or to support any activity that is ancillary to such exploration or exploitation.

For the purpose of tax exemption:

- “offshore renewable energy” would mean:
 - ocean thermal power;
 - offshore geothermal power;
 - offshore solar power;
 - offshore wind power;
 - osmotic power;
 - tidal power; or
 - wave power
- “offshore minerals” would mean minerals from the seabed or minerals dissolved in sea water.

Some examples of ships used to support any activity that is “ancillary to the exploration or exploitation of offshore renewable energy or offshore minerals” would include the following:

- Cable laying ship for installation of cables in an offshore installation project to harvest offshore renewable energy;
- Crew boat for transportation of personnel and/or supplies to and from an offshore mining location; and
- IMR (Inspection, Maintenance and Repair) vessel for maintenance / repair of an offshore installation project to harvest offshore renewable energy.

b. Income derived from the performance of mobilisation, demobilisation and holding services on ships used or to be used for offshore renewable energy activity or offshore mineral activity

The following income would qualify for tax exemption under the MSI-SRS with effect from 25 March 2016:

- Income derived from the performance of mobilisation, demobilisation and holding services on any ship used or to be used for offshore renewable energy activity or offshore mineral activity by the MSI-SRS company using a Singapore-flagged ship ; and
- Income derived from the performance of mobilisation, demobilisation and holding services on a Singapore-flagged ship owned or operated by the MSI-SRS company, and used or to be used for offshore renewable energy activity or offshore mineral activity.

The exemption includes income derived from the above services performed within the port limits of Singapore, insofar as the ship is used or is to be used for offshore renewable energy or offshore mineral activity outside the port limits of Singapore.

4 Any queries relating to this circular should be directed to the International Maritime Centre (IMC) Division via email: imc_mpa@mpa.gov.sg or Tel: +65 6375 1927/1766. Further matters relating to the registration of ships should be directed to the Singapore Registry of Ships dedicated contact via email: marine@mpa.gov.sg or Tel: (65) 6375 1932.

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