



**M P A**  
SINGAPORE

**MARITIME AND PORT AUTHORITY OF SINGAPORE**  
**SHIPPING CIRCULAR**  
**NO. 16 OF 2011**

MPA Shipping Division  
460 Alexandra Road  
21<sup>st</sup> Storey PSA Building  
Singapore 119963  
Fax: 63756231  
<http://www.mpa.gov.sg>

1 August 2011

**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.

**I) EXEMPTION FROM WITHHOLDING TAX FOR INTEREST PAYABLE ON LOANS OBTAINED FROM FOREIGN LENDERS FOR FINANCING SINGAPORE-FLAGGED SHIPS**

1 To further promote the growth of the maritime sector, the Minister for Finance announced in the 2011 Budget Statement that all existing tax incentives administered by the Maritime and Port Authority of Singapore (MPA) for the maritime sector are to be streamlined and consolidated under the new Maritime Sector Incentive (MSI) scheme with effect from 1 June 2011. Under the MSI scheme, automatic withholding tax (WHT) exemption will, subject to conditions, be extended to qualifying payments made in respect of qualifying loans taken from foreign lenders to finance the purchase or construction of Singapore-flagged ships. As a result of this new concession, entities which obtain qualifying loans from foreign lenders are no longer required to apply for such exemption on a case-by-case basis during the period from 1 June 2011 to 31 May 2016<sup>1</sup>.

2 The above enhancement is applicable to qualifying payments made on or after 1 June 2011 in respect of qualifying loans entered into with foreign lenders on or before 31 May 2016.

3 To enjoy the automatic WHT exemption, entities are required to submit a self-declaration form (the "Form") for each loan obtained to inform the relevant authorities that the qualifying conditions have been met. The Form has to be submitted to the MPA by the 15th of the month following the first relevant payment due date to the non-resident lender. A copy of the Form (which sets out the qualifying conditions for the automatic WHT exemption) is attached as **Annex A**.

4 Should there be any changes to the representations/declarations made in the Form, a new Form must be submitted immediately. Please submit the duly completed and signed form, signed loan agreement as well as documentary evidence (where required) to the Maritime and Port Authority of Singapore, International Maritime Centre Division, 460 Alexandra Road, #19-00 PSA Building, Singapore 119963. Please also email a soft copy of the

<sup>1</sup> If an entity is unable to meet the qualifying conditions for the automatic WHT exemption, it may apply to the Ministry of Finance for WHT exemption under Section 13(4) of the Singapore Income Tax Act.

completed form to [imc\\_mpa@mpa.gov.sg](mailto:imc_mpa@mpa.gov.sg). To account for any non-disclosure of material information, false or incorrect declarations made in the information provided, the Government reserves the right to recover the taxes that should have been withheld.

## **II) OTHER RECENT TAX UPDATES ISSUED BY MPA**

5 MPA has also updated the Frequently Asked Question (FAQ) links on our website ([http://www.mpa.gov.sg/sites/global\\_navigation/faq/faq.page](http://www.mpa.gov.sg/sites/global_navigation/faq/faq.page)) with the following inserts:

- What is the concession to exempt vessel disposal gains from tax about?
- What is the tax exemption granted in respect of in-house ship management fees about?

6 Any queries relating to the filling up of the form and taxation matters should be directed to the International Maritime Centre (IMC) Division's contact via email: [imc\\_mpa@mpa.gov.sg](mailto:imc_mpa@mpa.gov.sg) or Tel: +65 6375 1927/1766. Further matters relating to the registration of ships should be directed to Mr. Wong Kai Cheong, Assistant Director (Registry and Manning), MPA, via Tel: (65) 6375 6236, Fax: (65) 6375 6231, or to the Singapore Registry of Ships dedicated contact via email: [marine@mpa.gov.sg](mailto:marine@mpa.gov.sg) and Tel: (65) 6375 1932.

**CHEONG KENG SOON  
DIRECTOR OF MARINE  
MARITIME AND PORT AUTHORITY OF SINGAPORE**