

# GUIDE FOR THE SINGAPORE EXPATRIATE 2015

IMMIGRATION, TAX & OTHER  
HR CONSIDERATIONS





# Iyer Practice

ADVISERS



## OUR CORPORATE PROFILE

Iyer Practice is a firm of professional advisers who offer a full range of taxation, fiduciary, regulatory compliance, human resources and accounting services.

The firm was established in Singapore in 1993 by Mr. Shanker Iyer, whose extensive international experience as a professional adviser spans almost four decades. He qualified as a Chartered Accountant in the United Kingdom, where he was a Partner of a leading accounting firm. The firm also has an office in Hong Kong.

Iyer Practice has a strong base of local and international clients. A significant portion of the firm's clientele comprises multi-national companies and high net-worth individuals doing business in Singapore and throughout the Asia Pacific Region. The firm is therefore able to offer a good blend of knowledge and experience based on its local and international professional capabilities.

Iyer Practice employs over 70 well qualified staff and its senior personnel were formerly from major international accounting firms.

The firm has a trust company, Singtrust Pte Ltd, licensed by the Monetary Authority of Singapore to conduct trust business. It also has an interest in Asiatrust Limited, which is licensed to conduct trust business in Labuan. One of the firm's entities, Shanker Iyer Consultants Pte Ltd, is licensed by the Singapore Ministry of Manpower (MOM) as an Employment Agency.

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- Private Trust Companies compliance role

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- Payroll services
- Human Resources Advisory

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- Family Office support services

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- Preparation of management accounts and financial statements
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# 1. Set-up of Operations

## 1.1. Immigration / Residence

Expatriates who want to work in Singapore can either consider a Work Pass or Permanent Residence (in certain circumstances). Once a Work Pass is approved, the expatriate may apply for Dependent Passes for his or her spouse children. Foreigners who have been approved for Employment Pass can only commence employment once their pass is issued and have received the Notification Letter.

### Work Passes

There are currently 4 principal work passes. The following summarises the requirements of each work pass:

	Employment Pass (EP)	S Pass	Personalised Employment Pass (PEP)	Entrepass
<b>Applicability of Pass</b>	A professional hired by a Singapore company	A mid-level skilled foreigner hired by a Singapore company	Very highly skilled Employment Pass holders and overseas foreign professionals	Those who wish to start a new business in Singapore
<b>Criteria</b>	<p>Monthly salary of at least S\$3,300</p> <p><i>(Formerly, there were 3 tiers of passes of EP based on monthly salary:</i></p> <p><i>P1 –at least S\$8,000</i>  <i>P2 –at least S\$4,500</i>  <i>Q1 –at least S\$3,000)</i></p> <p>From 1 August 2014, positions offering less than S\$12,000 may be required to be posted in a central jobs bank (see Fair Consideration Framework below)</p>	Monthly salary of at least S\$2,200	<p>For existing EP P1 holders: Must have been earning at least S\$12,000 per month</p> <p>For overseas foreign professional: Last drawn fixed monthly salary overseas was at least S\$18,000</p>	<p>Company cannot be more than 6 months old</p> <p>Company must have at least S\$50,000 paid-up capital</p> <p>Applicant must hold at least 30% shares in the company</p> <p>In addition, the company must now meet additional conditions (such as being supported by a government incubator or an approved venture capital firm)</p>
<b>Qualifications &amp; Experience</b>	Possesses acceptable qualifications and work experience			No specific qualifications are required
<b>Benefits</b>	<p>Granted for between 1 to 5 years</p> <p>Additional benefits over the S-Pass category (such as being able to bring dependents)</p>	Granted for between 1 to 5 years	<p>Not tied to a specific employer and offers greater flexibility</p> <p>Granted for 3 years</p> <p>PEP holder can move to a different employer without having to apply for a new pass, and is permitted to remain in Singapore without employment for 6 months</p>	<p>Can start and operate a new business in Singapore</p> <p>Granted for 1 year</p>
<b>Restrictions</b>	Experienced applicants are expected to command higher salaries than the minimum to qualify	<p>Experienced applicants would have to command higher salaries than the minimum to qualify</p> <p>Employer has to pay a levy for S-pass holders and is subject to quotas on the number of S-pass holders</p>	<p>PEP holders are not allowed to start their own business or to engage in entrepreneurial activities</p> <p>Must earn at least S\$144,000 per annum once PEP granted</p>	Annual conditions to be met (e.g. annual business spend and employment of Singaporeans or Permanent Residents)

In assessing an applicant, the Ministry will also look at the share capital and history of the employer.

## Can my accompanying dependents work in Singapore?

An employer may apply for a Letter of Consent to allow a Dependent Pass holder to work in Singapore. To be eligible the applicant must:

- be a dependent of an Employment Pass holder
- have secured a job offer with a Singapore employer
- have a Dependent pass that is valid for at least 3 months

## Fair Consideration Framework (FCF)

1. Firms making EP applications must advertise the job vacancy on a jobs bank administered by the Singapore Workforce Development Agency (WDA). The advertisement must be open to Singaporeans, comply with the Tripartite Guidelines on Fair Employment Practices, and run for at least 14 calendar days.
2. These requirements must be met before an EP application is submitted to MOM.
3. Small firms with 25 or fewer employees, and / or those jobs which pay a fixed monthly salary of \$12,000 and above, will be exempted from the above requirement to advertise the vacancy on the new jobs bank; but must still comply with the guidelines on Fair Employment Practices.

- Advertising requirements do not apply if company has less than 25 employees; or
- salary is S\$12,000 or greater per month.

# Singapore Permanent Residence

Singapore Permanent Residence (SPR) allows an individual to reside in Singapore for a period of 5 or 10 years, which is then subject to renewal. Recent tightening of immigration into Singapore has made the SPR application process more selective and lengthy. There are various entry routes for SPR:

## Work Pass Holders

Any person who is working in Singapore on a work pass is eligible to submit an application. A successful applicant is usually one who has shown commitment to Singapore and resided in Singapore for some time.

## Global Investor Programme (GIP) for Investors/Entrepreneurs

As an investor who wishes to start up a business or invest in Singapore may apply for SPR through the GIP.

Investment Options:

Under the scheme, you can choose either of the following investment options:

- Option A: Invest at least S\$2.5 million in a new business entity or to expand an existing business operation.
- Option B: Invest at least S\$2.5 million in a GIP fund that invests in Singapore-based companies. The government maintains a list of pre-approved GIP funds (which can be found on [www.contactsingapore.sg/GIP](http://www.contactsingapore.sg/GIP))

## Key eligibility criteria for the investor:

1. A substantial business track record for 3 years
2. A successful entrepreneurial background

Further specific guidance is provided with regards to what constitutes the above. One of the key conditions is that the investor's company must have an average turnover of at least S\$50 million over the last 3 years, and must be engaged in an industry approved by the Economic Development Board.

## OTHER ROUTES

There are other routes into SPR, such as the Foreign Artistic Talent Scheme or the Foreign Sports Talent Scheme.



## 1.2. Taxation

### The Tax System in Singapore

Singapore operates on a territorial basis of taxation. The general principle is that only Singapore sourced income is taxable. As such, all foreign sourced income is exempt. Benefits-in-kind afforded to employees are generally taxed at their value (these are covered in more detail in Section 2.2 below). As certain Benefits-in-kind may be taxed differently to cash, it would be advisable to review one's contract and remuneration before signing.

The most common form of income received in Singapore will be employment income. As such, all remuneration arising from an employment under which duties are performed in Singapore is fully taxable irrespective of where the funds are made available to the individual. If an expatriate will be travelling extensively outside Singapore for business purposes, the Not Ordinarily Resident scheme (NOR) can be an effective way to reduce Singapore taxation for a limited period.

### Employment Contracts

Employees who work for an MNC and frequently travel are sometimes employed with two contracts (a contract for onshore duties with a Singapore employer and another contract for offshore duties with a foreign employer). It is unlikely that the employee will be able to treat income earned from the offshore contract as exempt from Singapore tax.

The NOR scheme is one of the most effective forms of Singapore Tax Planning.

## The Not Ordinarily Resident (NOR) Scheme

The NOR scheme extends favourable tax treatment to qualifying individuals for a period of five Years of Assessment (YAs), provided that the individuals meet the following criteria:

1. The individual must not have been a Singapore resident in the 3 consecutive YAs before the year he/she qualifies for the NOR scheme; and
2. The individual must be a tax resident for the YA in which he / she wishes to qualify for the NOR scheme and the individual must be employed by a Singapore employer.
3. The individual must spend at least 90 days outside Singapore for business each year.
4. The individual must earn at least \$S160,000 annual income from Singapore employment.



Tax exemption on days outside Singapore up to minimum 10% rate on total employment income.

Tax exemption of employer's contribution to non-mandatory overseas pension fund or social security scheme under certain conditions.

## 1.3. Employer's Obligations

### Employment Act

The Employment Act is Singapore's statute relating to labour and employment issues. It lays down specific regulations regarding the basic terms and conditions of employment and the rights, duties and responsibilities of employers and employees.

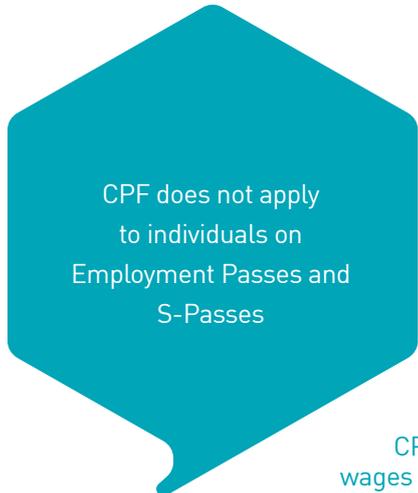
The Employment Act covers every employee (regardless of nationality) who is under a contract of service with an employer, except:

1. Any person employed in a managerial or executive position earning more than S\$4,500 as a basic monthly salary;
2. Any seaman;
3. Any domestic worker; and
4. Any person employed by a Statutory Board or the Government

Part IV of the Employment Act stipulates specific rules for non-workmen employees earning not more than S\$2,500 as a basic monthly salary:

- Payment of Salary
- Rest days, Hours of work and other conditions of service
- Contractors and contracting
- Part-time employees

This serves as a guide when considering employment terms and conditions for employees on higher salaries.



CPF does not apply to individuals on Employment Passes and S-Passes

Central Provident Fund (CPF) was set up as an old age, savings scheme for employees, to uphold the financial security of Singapore Citizens and Permanent Residents. It is a comprehensive scheme addressing the needs of a person not only after retirement but also their home-ownership, medical requirements and the protection of dependents.

An employee is required to make CPF contributions at the rates set out in the CPF Act if he/she is a Singapore Citizen or Singapore Permanent Resident and earns more than S\$50 in a month.

In addition, all employers are required to pay the employer's share of CPF contributions monthly of all employees (Singapore Citizens and Singapore Permanent Residents) at the rates set out in the CPF Act. Where the company has employees who are required to make CPF contributions, it must register with the CPF board. CPF contributions payable should be based on the employee's actual total wages earned for the calendar month. These include payments such as overtime pay, cash incentives, allowances, commissions, bonuses.

CPF contributions are not payable on items such as reimbursements, termination benefits (such as retirement gratuities) and gifts in kind.

Employers are entitled to recover the employee's share when the contributions are paid for that month. If an employer fails to recover the money by then, he can still do so subject to certain conditions within 6 months of the time that it should have been recovered.

Employers are also required to contribute the Skills Development levy for all employees (see Section 2.3 below).

# 2. Ongoing Matters

## Compliance Calendar

Following is a snapshot of the various compliance requirements that would be applicable in relation to taxes on employment income with regards to a Singapore employee.

Date	Particulars	Responsibility
14th day of the following month after salary pay date	<p><u>Filing of CPF Contributions:</u></p> <p>Employer and employee CPF contributions are due to be paid.</p>	
1 March 2015	<p><u>Issuance of IR8A / IR8E:</u></p> <p>Every employer is required to prepare an annual return (Form IR8A/ Form IR8E) of remuneration and taxable benefits-in-kind provided to employees working in Singapore in each calendar year by 1 March of the following year.</p> <p>Employers who have 14 or more employees for the entire year ending 31 December 2014 or who have received the "Notice to File Employment Income of Employees Electronically" must submit their employees' income information to Inland Revenue Authority of Singapore (IRAS) electronically by 1st March each year (Form IR8E).</p> <p>Employers who are not in the Auto-Inclusion Scheme (AIS) for Employment Income have to provide their employees the Form IR8A by 1st March each year, to file their income tax returns.</p>	Employer
15 April 2015/ 18 April 2015	<p><u>Filing of Income Tax Return (by expatriate):</u></p> <p>Income Tax Return for reporting the income earned in calendar year 2014 is to be filed by (a) 15 April 2015 (paper copy) or (b) e-filed by 18 April 2015.</p>	Expatriate
30 June 2015	<p><u>Filing of Income Tax Return (by tax agent):</u></p> <p>IRAS has allowed one common bulk extension date, till 30 June 2015 for all tax agents to file the individual tax returns of their clients for YA 2015. This bulk extension has to be submitted to the IRAS by 31 March 2015 and the extension is subject to the approval of IRAS.</p>	Tax agents
Up to September 2015	<p><u>Issuance of Tax Bill and Payment of Tax:</u></p> <p>Subsequent to filing the tax return, the IRAS will process the tax return and issue a notice of assessment (tax bill) to each tax payer.</p> <p>Generally, most taxpayers should receive their tax bills for the YA 2015 by October 2015. However, as the IRAS finalise tax bills (Notices of Assessment) progressively, some taxpayers may receive their tax bills earlier than others.</p> <p>Income tax is payable within one month from the date of the Notice of Assessment (tax bill). Alternatively, tax payment can be made through a maximum of 12 monthly interest-free installments, by GIRO.</p>	IRAS and Expatriate
At least one month prior to leaving Singapore or actual date of cessation of Singapore employment, whichever is earlier	<p><u>Filing of IR21:</u></p> <p>When an individual on a work pass is leaving Singapore or a SPR leaving Singapore for more than 3 months, the employer must complete a Form IR21 to report the employee's income for the applicable calendar year up to the cessation date of his employment in Singapore.</p> <p><u>Payment of Taxes</u></p> <p>IRAS will issue a tax clearance only on receipt of due taxes. The employer is obliged to withhold any monies (including overtime pay, leave pay, allowances for transport, entertainment, gratuities and lump sum payments, etc) until such clearance has been obtained or upon the expiry of 30 days after the IRAS has been notified of the cessation of employment or departure from Singapore, whichever is earlier.</p>	Employer

## 2.1. Immigration / Letter of Guarantee / Residence

### Renewal of Employment Pass

The Ministry of Manpower will issue a notification to the employer or authorised third party (e.g. Employment Agency) that the respective employment pass is expiring. An application for renewal may be submitted.

### Letter of Guarantee

Where a foreign employee is employed by a foreign employer, he or she must provide a Letter of Guarantee (LOG) from a local bank or an established limited company in Singapore to cover on the estimated tax payable in the upcoming year.

In the absence of the LOG, the employee will be liable to pay advance taxes to IRAS.

### Renewal of Permanent Residence

A Singapore Permanent Resident (SPR) must have a valid Re-Entry Permit (REP) if he/she wishes to travel out of Singapore. When the existing REP is about to expire, an application for renewal may be submitted.

## CPF Contribution Rates from 1 January 2015

For Singapore citizens and Singapore Permanent Residents from the 3rd year after obtaining SPR status, CPF contribution rates are based on the rates stipulated under the CPF Act:

Employee Age (Years)	Contribution Rate (for monthly wages $\geq$ \$750)		
	Contribution by Employer (% of wage)	Contribution by Employee (% of wage)	Total Contribution (% of wage)
35 & below	17	20	37
Above 35-45	17	20	37
Above 45-50	17	20	37
Above 50-55	16	19	35
Above 55-60	12	13	25
Above 60-65	8.5	7.5	16
Above 65	7.5	5	12.5

From 1 January 2016, these rates will be increased. For employees above 50 to 55, the employer's and employee's contributions will increase by 1%. For employees above 55 to 60, the employer's contributions will increase by 1% while for employees above 60 to 65, the employer's contributions will increase by 0.5%.

The CPF monthly salary (total ordinary wage) ceiling is capped at S\$5,000. With effect from 1 January 2016, the CPF monthly salary ceiling will be capped at S\$6,000.

There is also a cap on additional wages, which sets the maximum amount of additional wages on which CPF contributions are payable per year. This is currently S\$85,000 less total ordinary wages subject to CPF for the year (which is equivalent to 17 months x S\$5,000). With effect from 1 January 2016, the CPF annual wage ceiling will be raised to S\$102,000 (which is equivalent to 17 months x S\$6,000).

For SPR, CPF contributions are computed at lower graduated rates for the first two years. The first year rate is payable from the day he/she obtain his/her SPR status. The second and third year rates are payable from the month following the anniversary of his/her conversion to SPR.



CPF monthly salary is capped at S\$5000 per month



## 2.2 Taxation

### Residency Status

**T**ax residency in Singapore for an individual is primarily based on the number of days physically present or exercising employment in Singapore. Alternatively, there are also qualitative factors to consider and administrative concessions available to the tax payer.

### Tax Year

**S**ingapore tax year for an individual is on the calendar year basis from 1 January to 31 December each year. Income is assessed on a preceding year basis i.e. income earned in the year 2014 will be taxed in the year

Number of days physically present or exercising employment in Singapore	Residence Status	Rates of Taxation
Less than 61 days	Non-resident*	Exempt under Section 13 (6) of the Singapore Income Tax Act (SITA)
Between 61 to 182 days	Non-resident*	Higher of 15% flat rate or resident progressive rates
At least 183 days	Resident	Resident progressive rates (0% to 20%)

\*Tax is withheld at 10% and 20% on fees paid to non-resident public entertainers and non-resident directors respectively.

If an individual stays or works in Singapore for a continuous period of at least 183 days straddling over 2 calendar years, or works for consecutive 3 assessment years, there is an administrative concession to regard that person as a Resident for each of the 2 years or 3 years.

# Benefits In Kind

Generally, all benefits in kind are taxed at their value. However, for certain benefits in kind such as accommodation and cars, there are administrative concessions granted by the IRAS when calculating the taxable value.

## Accommodation

The taxable value of housing accommodation will be the annual value of the housing rental less rent paid by employee (if any). This will be in line with the tax treatment of an equivalent cash allowance.

In addition to this, where the rental accommodation is partially furnished, the employee is taxed on a further 40% of the annual value. Where it is fully furnished, the employee is taxed on a further 50% of the annual value.

Expatriates and their employers will therefore need to review the annual value of their property in comparison to the rental paid to decide whether to retain housing benefit or receive a cash allowance instead.

## Relocation Allowance

A Relocation allowance provided by the employer to cover relocation expenses is taxable in the hands of the employee. However, claims from relocation expenses are deductible against the relocation allowance provided they are not reimbursed by the employer.

The following expenses are deductible against the relocation allowances provided:

- a. Cost of airfare for the employee, employee's family members and pets to the country;
- b. Freight / storage charges to move personal effects;
- c. Cost of temporary accommodation (i.e. hotel or serviced apartment) incurred before the commencement of employment
- d. Settling-in expenses (e.g. first purchase of beddings, kitchen appliances, subscription to broadband Internet access and enrolment for immersion programmes for expatriates).

## Health Insurance

Where an employer pays for group health insurance, and where such insurance covers all employees and the employer is the beneficiary of the policy, such insurance premiums are not taxable. However, if the employee is the beneficiary of the policy, the employee will be subject to tax for the amount of premium paid by employer.

However, if the employer pays the premium for a personal insurance policy where the employee is the policyholder, the employee will be subject to tax for the amount of premium paid by employer.

## Group Insurance Policy (Eg. Group term life insurance, group personal accident insurance)

Where an employer pays for the premiums on Group Insurance, and where such insurance covers all employees and the employer is the named beneficiary of the policy, which in other words, the employees are not entitled to the payout contractually, such insurance premiums are not taxable. However, if the employee is the named beneficiary of the policy, the employee will be subject to tax for the amount of premiums paid by employer.



## Home Leave Passage

The taxable value of home leave passage is restricted to 20% of one return fare each for the employee and his spouse, plus 2 return fares for each child, for trips to the employee's home country. Any fares paid for by the employer in addition to these and fares to countries other than the employee's home country are taxable in full.



### Motor Cars

The value of the car benefit where the employer bears the full cost of the rental of the leased car, and where other running and maintenance expenses are borne by the car hiring company is as below:-

- a. Employer pays for the petrol :  $(3/7 \times \text{rental cost incurred by the employer}) + (\text{S\$}0.10 \text{ km} \times \text{private mileage})$
- b. Employee pays for the petrol :  $3/7 \times \text{rental cost incurred by the employer}$

### Share Options

Benefits earned from Employee Share Ownership Plans ("ESOPs") are generally taxable in Singapore if they are granted in Singapore. However, the treatment is different depending on the type of plan (e.g. share options, phantom share plans, share purchase plans etc.)

### Tax Paid By Employer

Where full or part of the employee's income tax is paid by the employer, the benefit is taxable on the employee. On this basis, the "tax-on-tax" will need to be calculated. Where there is a split of tax, the average or marginal method may be used.

All retirement benefits, including gratuities and pensions, other than mandatory Central Provident Fund (CPF) benefits, are generally taxable.

### Tax Equalisation or Reimbursement Plans

Under tax equalisation, the company will ensure that an employee's tax burden will be the same as if he or she had remained in his or her home country.

If the actual taxes are greater than the home country tax, the employee reimburses the excess. If the actual taxes are less, there will likely be no reimbursement.

In some cases, an employer will provide a reimbursement through a tax protection plan.

The amount reimbursed by the employer is a taxable benefit when it is received.

## Investment Income

Dividends earned from Singapore companies are exempt under the one-tier corporate tax system. In addition, certain types of interest received by an individual are exempt from tax, such as interest on deposits with approved banks and finance companies in Singapore and on qualifying debt securities.

## Rental Income

An individual who derives passive rental income from a residential property in Singapore can claim a deduction of the actual deductible expenses incurred in producing the income, subject to income tax rules. To substantiate the claim, an individual has to keep relevant records for at least 5 years from the YA in which the claims relate.

The Ministry of Finance has recently proposed a change to simplify the tax compliance with effect from year 2015 by allowing the individual to claim a specified amount of expenses as a proxy for deductible expenses (determined based on 15% of the gross rental income). The individual can continue to deduct against his qualifying rental income, any deductible interest expense.

## Capital Gains

Capital gains are not taxable in Singapore, unless the individual is treated as a trader.

## Double Taxation Relief

As foreign sourced income remitted into Singapore is not taxable, double taxation relief may no longer be relevant. However, double taxation may still occur if the income is treated as sourced in Singapore and another country.

IRAS may, on application, provide double taxation relief.

## Current Income Tax Rates

Chargeable Income (S\$)	Tax (S\$)	Overall Percentage Tax Burden (%)
80,000	3,350	4
120,000	7,950	7
160,000	13,950	9
200,000	20,750	10
320,000	42,350	13
>320,000	@ 20%	

The overall tax burden on S\$1,000,000 chargeable income is 18%.

Current Tax Rate Structure			
	Chargeable Income (S\$)	Tax Rate (%)	Gross Tax Payable (%)
On the first	20,000	0	0
On the next	10,000	2	200
On the first	30,000		200
On the next	10,000	3.5	350
On the first	40,000		550
On the next	40,000	7	2,800
On the first	80,000		3,350
On the next	40,000	11.5	4,600
On the first	120,000		7,950
On the next	40,000	15	6,000
On the first	160,000		13,950
On the next	40,000	17	6,800
On the first	200,000		20,750
On the next	120,000	18	21,600
On the first	320,000		42,350
In excess of	320,000	20	

There will be a more progressive income tax rate structure with effect from YA 2017, with the increase in the marginal tax rates for employees earning S\$160,000 and above. The top marginal rate will increase to 22%.

## Income Tax Rebate for YA 2015

With the recent announcement from the Ministry of Finance, there is an income tax rebate of 50%, subject to a cap of S\$1,000 for all resident taxpayers for YA 2015.

## Tax Return Filing Deadline

Tax Return is due for submission by **15 April** of each tax year and can be filed in 2 different ways:

1. E-filing (via internet)
2. Paper filing i.e. Form B/B1/M

If the services of a tax agent are engaged, then the filing deadline is extended to 30 June. However, this is subject to the approval of the IRAS.

After the submission of the tax return, IRAS will issue the Notice of Assessment based on their timeline, usually between June to October each year. If an assessment is disputed, the individual has to lodge an objection with the IRAS within 30 days from the date of issue of the assessment. .

If individuals are employees of a non-resident company, they may be issued with an advance assessment by the IRAS before the end of the tax year. However, IRAS may waive the advance assessment if they are provided a guarantee of payment by a well-established Singapore company or a Singapore bank.



## 2.3. Employer's Obligations

### Annual Form IR8A & IR8E

Every employer is required to prepare an Annual Return of Employee's Remuneration for all employees working in Singapore by 1st March of each year.

Employers who have 12 or more employees for the entire calendar year or who have received the "Notice to File Employment Income of Employees Electronically" must submit their employees' income information to IRAS electronically i.e. submission of Form IR8E by 1st March each year.

Employers who are not in the Auto-Inclusion Scheme (AIS) for Employment Income have to provide their employees the Form IR8A by 1st March each year to file their personal income tax returns by 15 April each year.

### Skills Development Levy

Employers have to contribute the Skills Development Levy for all employees, including full-time, casual, part-time, temporary and foreign workers rendering services wholly or partly in Singapore up to the first S\$4,500 of gross monthly remuneration\* at a levy rate of 0.25%, subject to a minimum of S\$2, whichever is higher.

The CPF Board collects the Skills Development Levy on behalf of the Singapore Workforce Development Agency (WDA). The levy collected is channeled into the Skills Development Fund (SDF), which provide grants to companies that send their workers for training.

Employers can pay SDL together with their employees' CPF contributions. For employers with foreign employees only, they can pay SDL directly to the WDA.

\* Remuneration means any wage, salary, commission, bonus, leave pay, overtime pay, allowances (including housing or other like allowances) and other emoluments made in cash.

### HR Policies

It is important that employers include all employment conditions in accordance with Singapore employment law in all employment contracts or handbooks. Areas that an employer has to consider include Salary, Bonus, Housing allowance, Car allowance, Annual Leave, Maternity Leave, Child Care Leave, Medical Benefits and the Work Injury Compensation Act (WICA).

### Annual Leave

An employee is entitled to Annual Leave if the employee is covered under Part IV of the Employment Act and has worked for at least three months.

An employee's minimum annual leave entitlement is as follows:-

Year of service	Days of leave
1st	7
2nd	8
3rd	9
4th	10
5th	11
6th	12
7th	13
8th and thereafter	14



In practice, many employers give leave in excess of this.

## Maternity Leave

### Where the child is a Singapore Citizen

Working mothers are entitled to 16 weeks of paid maternity leave at the birth of each child. For the first two children, the first 8 weeks of maternity leave will be employer-paid, and the last 8 weeks will be funded by the Government. For the third and subsequent children, all 16 weeks of leave will be funded by the Government. Government reimbursement will be capped at S\$10,000 for each 4 week period (inclusive of CPF contributions).

Mothers can start taking maternity leave up to 4 weeks before the date of delivery of the child. The first 8 weeks of maternity must be consumed as block. However, the last 8 weeks can be taken flexibly over the period of 12 months from the date of confinement, subject to mutual agreement between employee and employer.



To be entitled to the full 16 weeks of government paid maternity leave, the following criteria must apply:-

1. The newborn child is a Singapore Citizen;
2. Marriage is legal according to Singapore Law; and
3. Employee has served current employer or engaged in a particular business, trade or profession (for self-employed) for a continuous period of at least 3 months immediately preceding to date of birth of the child.

### Child is Not a Singapore Citizen

The employee is entitled to 12 weeks of maternity leave if she is covered under the Employment Act. She will be paid by her employer for the first eight weeks of maternity leave if she has fewer than two living children (excluding the newborn), and she has served her employer for at least 3 months before birth of the child. Beyond the first eight weeks, maternity payment from the employer is voluntary and the employer is not entitled to claim any reimbursement from the government.

### Childcare Leave (Child is a Singapore Citizen)

An employee is entitled to 6 days of childcare leave per year if he/she is covered under the Child Development Co-Savings Act. The Child Development Co-Savings Act covers all parents of Singapore citizens, including managerial, executive or confidential staff if all the adjoining conditions are met →

#### Extended Childcare Leave (Child is a Singapore Citizen)

In addition to the 6 days of childcare leave given to parents with the children below the age of 7, (with the first 3 days paid by the employer and the remaining 3 days paid by the Government), the Government recognises that working parents will also need time away from work to see to their children's needs when they are in primary school.

- Child is below 7 years old
- Child is a Singapore Citizen
- Parent must have served his or her employer for a continuous duration of at least 3 calendar months

From 1 May 2013, working parents are eligible for 2 days of extended childcare leave every year. if the child is a Singapore Citizen and the youngest child is aged 7-12 years (inclusive). The parent must have served his or her employer for a continuous duration of at least 3 calendar months.

OR, if the parent is a self-employed and have been engaged in a particular business, trade or profession for a continuous period of at least 3 months, and have lost income as a result of not engaging in their business, trade or profession during the childcare leave period.

These 2 days of extended childcare leave will be paid for by the Government (capped at S\$500 per day, inclusive of CPF contributions). For parents with children in both age groups i.e. those below 7 years, as well as those between 7-12 years, the total paid childcare leave for each parent is a maximum of 6 days per year.

### Childcare Leave (Child is Not a Singapore Citizen)

Parents of non-citizens covered under the Employment Act are entitled to 2 days of childcare leave per year if the child (including legally adopted children or stepchildren) is below 7 years of age and the employee has worked for the employer for at least 3 months.

Childcare leave for each parent is capped at 2 days per year regardless of the number of qualifying children.



## 3.

### DEPARTURE OF EMPLOYEES

#### 3.1. Immigration / Residence

In the event of an employee on an Employment Pass leaving, the employer has to cancel the Employment Pass within 7 days upon termination of employment. The employer or authorised third party (e.g. An Employment Agency) acting on behalf of a company can cancel the pass electronically through EP Online. A 30-day Short Term Visit Pass will be issued to the employee upon cancellation of the Employment Pass.

Employment Pass holders who are granted Permanent Residence will have their passes automatically cancelled.

#### 3.2. Taxation

##### Tax Clearance

Where an Employment Pass holder ceases employment in Singapore or a Permanent Resident leaves Singapore for more than 3 months, it is the employer's obligation to file the tax clearance return (IR21) to report their employment income up to the last working day in Singapore, including any unvested share awards or unvested stock options granted to them during their Singapore employment under the "Deemed Exercise Rule". This must be filed with IRAS one month before the employee's cessation of employment or date of departure from Singapore, whichever is earlier.

The employer must withhold all outstanding monies from the individual and can only release the funds to the employee either upon receiving permission from IRAS or 30 days after filing the IR21, whichever is earlier.

If the employer does not withhold monies from the employee, the reasons must be stated in the IR21. Generally, the employer will not be held liable if monies are not withheld due to circumstances such as immediate resignation or abscondment. However, if there is no valid reason, the employer may be held liable for all unpaid tax owed by the employee.



# Our Services

## IMMIGRATION SERVICES

- Application for Work Passes
- Renewal & Cancellation of Work Passes
- Assistance with appeals for rejected passes
- Application for Permanent Residence

## EXPATRIATE TAX SERVICES

- Tax advisory
- Filing of Personal Tax returns
- Verification of Notice of Assessment
- Assistance with appeals to IRAS
- Application for Not Ordinarily Resident scheme

## PAYROLL SERVICES

- Payroll administration
- CPF registration and administration
- Preparation of annual Form IR8A & IR8E
- CPF Audits

## HR SERVICES

- Recruitment of staff
- HR Advisory services
- Advisory on employee remuneration packages
- Arrival & departure counseling
- Management of leave records

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