SINGAPORE TAX 2018

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ADVISERS

Types of Doing Business / Legal Forms of Companies

Generally businesses can carry out business in Singapore either through the incorporation of a limited liability company (Private Limited or Limited) or through the registration of a branch of the foreign business in Singapore. Foreign businesses can alternatively setup a Representative Office in Singapore with approval from International Enterprise Singapore for a maximum of 3 years from the commencement date. The activities of a Representative Office are restricted to conducting market research and feasibility studies. Businesses can also carry out business as sole proprietorships and partnerships (including limited liability partnerships).

Corporate Income Tax

Basis of Taxation

Singapore taxes businesses on a preceding year basis on Singapore sourced income and on foreign sourced income received in Singapore. Whether income is considered as foreign sourced is dependent on the facts and circumstances of each case. Receipt does not only include receipts into a Singapore bank account but also other circumstances defined under the Singapore Income Tax Act. The prevailing corporate tax rate is 17%. A partial tax exemption is given to companies on normal chargeable income as follows:

Up to YA 2019 (ie. Financial periods ending in 2018)

AMOUNT OF CHARGEABLE INCOME	EFFECTIVE TAX RATE
First S$10,000	4.25%
Next S$290,000	8.50%
In excess of S$300,000	17.00%

With effect from YA 2020 (ie. Financial periods ending in 2019)

AMOUNT OF CHARGEABLE INCOME	EFFECTIVE TAX RATE
First S$10,000	4.25%
Next S$190,000	8.50%
In excess of S$200,000	17.00%

Start-up Tax Exemption (SUTE)

Exemptions for a start-up company (including companies limited by guarantee) which has no more than 20 shareholders of which at least one individual shareholder who beneficially holds at least 10% of total issued ordinary shares are at the following rates:

Up to YA 2019

Full tax exemption on the first S$100,000 and 50% tax exemption on the next S$200,000 of chargeable income.

AMOUNT OF CHARGEABLE INCOME	EFFECTIVE TAX RATE
First S$100,000	Fully exempt
Next S$200,000	8.50%
In excess of S$300,000	17.00%

With effect from YA 2020

75% tax exemption on the first S$100,000 and 50% tax exemption on the next S$100,000.

AMOUNT OF CHARGEABLE INCOME	EFFECTIVE TAX RATE
First S$100,000	4.25%
Next S$100,000	8.50%
In excess of S$200,000	17.00%

SUTE is only available for the first 3 consecutive Years of Assessment (YA). However, this exemption is not available to investment holding companies and property developer companies.

Foreign-sourced dividends, branch profits and service fee income received in Singapore are exempted if the income has been subject to tax in a foreign jurisdiction where the headline tax rate is 15% or more, subject to conditions.

Corporate Tax Rebate (Temporary)

A corporate income tax rebate of 40% capped at S$15,000, will be granted to all companies for YA 2018.

The above rebate will be extended to YA 2019 with a reduced rate of 20% capped at a reduced sum of S$10,000.

Residence

A Singapore resident company means a company, the control and management of whose business is exercised in Singapore.

Companies that wish to obtain a Certificate of Residence (in order to obtain tax treaty benefits) must ensure they meet the substance requirements required by the IRAS.

Domestic Withholding Tax Rates

AMOUNT OF CHARGEABLE INCOME	%
Dividends	0
Interest, commission, fee or other payment in connection with any loan or indebtedness	15*
Royalty or other lump sum payments for the use of movable properties	10*
Payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information	10*
Technical assistance and service fees/management fees	17#
Rent or other payments for the use of movable properties	15*
Charter fees for aircraft	2
Charter fees for ship	0
Directors' remuneration	22
Proceeds from sale of real property by a non-resident property trader	15
Branch remittances to Head Office	0

** The withholding tax at 10% or 15% on the gross payment is a final tax unless the income is derived through operations carried out in or from Singapore, when the rate is 17%.*

 # Applicable only if services are rendered in Singapore.

Where a double tax agreement (DTA) is applicable, the rates specified in the agreement with the respective country would apply, if the rates are lower than the actual domestic rates.

DTAs normally provide tax credits for foreign tax suffered against the domestic tax imposed on the same income. Singapore residents can also elect for foreign tax credit pooling system.

Unilateral tax credits will be extended to Singapore residents on all types of foreign-sourced income remitted into Singapore.

Double Taxation Agreements (DTA)

Singapore currently has 84 tax treaties that are in force.

In addition, treaties with Ghana, Latvia and Nigeria have been signed but are not yet effective.

Please refer to the Appendix for the tax rates in respect to dividend, interest and royalties for the respective countries with an applicable DTA with Singapore.

Common Reporting Standard (CRS)

Automatic exchange of information (AEOI) based on the CRS refers to the regular exchange of financial account information between jurisdictions for tax purposes, with the objective of detecting and deterring tax evasion by taxpayers through the use of offshore bank accounts.

Singapore has signed the Multilateral Competent Authority Agreements on the Automatic Exchange of Financial Account Information under the CRS and the Exchange of Country-by-Country Reports.

Transfer Pricing (TP)

Where the pricing of Related Party Transactions (RPT) is not at an arm's length and results in a reduced profit for the Singapore taxpayer, Singapore may adjust and tax the profit of the Singapore taxpayer under Section 34D of the Singapore Income Tax Act (SITA).

With effect from YA 2019, under Section 34F of the SITA, it is a mandatory requirement for taxpayers to prepare and keep transfer pricing documentation on a contemporaneous basis (ie. based on information and documentation prior to or at the time of undertaking the transactions) for related party transactions that exceed the following thresholds:

CATEGORY OF RELATED PARTY TRANSACTIONS	THRESHOLD (S) PER FINANCIAL YEAR (S$)
Purchase of goods from all related parties	15 million
Sale of goods to all related parties	15 million
Loans* owed to all related parties	15 million
Loans* owed by all related parties	15 million
All other categories of related party transactions (ie.. service income, service expense, royalty income, royalty expense, rental income, rental expense, guarantee income, guarantee expense) on an aggregated basis.	1 million per category of transactions

* *When taxpayers lend money to or borrow money from their related parties.*

In addition, with effect from YA 2019, a surcharge of 5% on the TP adjustment can be applied for non-compliance with arm's length principle under Section 34E of the SITA.

From YA 2018, taxpayers must report certain details of RPT if the value of RPT in the audited accounts for the financial year exceeds S$15 million. The Form for reporting RPT needs to be submitted together with the submission of Form C of the tax return.

As a Base Erosion and Profit Shifting (BEPS) Associate, Singapore has implemented Country-by-Country Reporting (CbCR) for financial years beginning on or after 1 Jan 2017 for multinational enterprises whose ultimate parent entities are in Singapore and whose group annual turnover exceeds S$1,125 million. The Singapore tax authority will exchange Country-by-Country reports with jurisdictions that Singapore has entered bilateral agreements with automatic exchange of CbCR information.

Loss Carry Over (including potential loss of tax loss carry forward in case of restructuring)

Losses may be carried forward indefinitely, subject to the shareholding test. Unutilised capital allowances carried forward are subject to both the shareholding test and a "same business" test. Current unutilised losses and capital allowances may be carried back for one year, subject to a cap of S$100,000 and the shareholding test. When current year unutilised capital allowances are carried back, the same business test also must be satisfied.

Group Taxation

Singapore does not have a consolidated tax regime. However, group relief allows the transfer of unutilised losses, unutilised capital allowances and unutilised donations from one qualifying company to be offset against the taxable profits of another qualifying company within the same group.

To qualify, companies must be incorporated in Singapore and be at least 75% owned by another company in the group that is incorporated in Singapore, and must have the same accounting year end.

Capital Allowances

Capital allowances can be claimed on expenditure incurred on qualifying "plant and machinery" for use in a company's trade or business.

Methods of computing capital allowances for qualifying assets are as follows:

ASSET TYPE	PERIOD (YEARS)
Low-value assets (less than or equal to S$5,000)	1
Specialised equipment (Write off over the prescribed working life of the assets)	5 – 16
PIC assets (See below)	1 year + 300% unless cash payout option is exercised
All other assets	3

Productivity and Innovation Credit (PIC) Scheme

Businesses are able to claim tax deduction / allowances of up to 400% of qualifying expenditure incurred with a cap of S$400,000 for each specified activity up to YA 2018. The qualifying expenditure cap is increased to S$600,000 for qualifying SMEs.

Businesses may also choose to claim a 40% cash grant for up to S$100,000 of qualifying expenditure subject to conditions*. The PIC scheme will not be available after YA 2018.

Qualifying Activities Under PIC Scheme

- Purchase/Leasing of IT and Automation Equipment
- Training of employees
- R&D Activities
- Purchase of IP Rights
- Registration of IP
- Qualifying design projects

***Cash Payout Eligibility**

- Active business operations in Singapore
- At least 3 local employees who have contributed CPF
- Qualifying equipment has been used by the business

With the expiry of the PIC Scheme, the following enhanced tax deductions will be introduced for the following activities with effect from YA 2019 to YA 2025:

- Tax deduction of 200% on qualifying IP in-licensing costs, capped at S$100,000 per YA
- Tax deduction of 200% on IP registration fees, capped at S$100,000 of fees per YA
- Tax deduction for qualifying expenses incurred on R&D activities in Singapore will be raised from 150% to 250%.

Renovation and Refurbishment Deduction Scheme

A special tax deduction is granted for expenditure on all fixtures, fittings, and installations (attached fixtures), except those expenses relating to structural works and expansion of space. This deduction is given over a period of 3 consecutive years and is subject to a cap of S$300,000 for each 3 year period.

Double Tax Deduction for Internationalisation (DTDi) Scheme

Businesses are able to claim a 200% tax deduction on qualifying expenditure incurred on qualifying market expansion, investment development activities and manpower expenses, subject to conditions. Applications with International Enterprise Singapore (IE)* or Singapore Tourism Board (STB) for further tax deductions must be made before the expenses are incurred.

This scheme enables businesses to automatically claim 200% tax deduction on qualifying expenditure on certain activities, capped at S$100,000 per YA, without having to seek approval from IE or STB. Expenditure exceeding S$100,000 will still require IE or STB's approval.

The qualifying expenditure cap will be increased to S$150,000 per YA for qualifying expenses incurred on or after YA 2019. The scheme is scheduled to expire on 31 March 2020.

** IE will be renamed as Enterprise Singapore with effect from April 2018, following its merger with another government agency, Spring Singapore.*

Incentives

Incentive Type	Details
Headquarters	Companies performing qualifying headquarters activities or services in Singapore to network companies may qualify for the Development and Expansion Incentive Scheme (DEI) , subject to conditions.
Merger and Acquisition	The Mergers & Acquisitions (M&A) Scheme provides an allowance of 25% of the value of qualifying M&A (up to S$40 million of the value of the deal), subject to a cap of S$10 million per year of assessment executed between 1 April 2016 and 31 March 2020. This scheme also provides 200% deduction on transaction costs (capped at S$100,000 per year of assessment) and stamp duty relief.
Manufacturing and Services	Under the DEI scheme, incentives are provided on incremental qualifying income at lower tax rates (between 5% and 15%) depending on size and nature of the type of manufacturing or cutting edge activities or capabilities in Singapore. Other incentives are also available to exempt income (Pioneer Incentive) or provide tax allowances (Investment allowances) on qualifying activities (such as the construction or renovations of a qualifying building or structures), qualifying projects or qualifying leading-edge activities in Singapore.
Internationalisation	Concessionary tax rate of 10% is provided under the International Growth Scheme on incremental qualifying income from approved activities for larger Singapore companies that have key functions in Singapore as they venture overseas.

Incentive Type	Details
Research and Development and Intellectual Property	In addition to the PIC, a writing-down allowance is provided if legal and economic ownership of Intellectual Property (IP) are acquired. The company may elect to claim writing-down allowances over 5, 10 or 15 years on qualifying IP acquired within the basis periods from YA 2017 to YA 2020. Approval is required if only economic ownership of IP right is acquired. An anti-avoidance mechanism empowers the IRAS to make adjustments to the transacted price of the IP, if the IP is not transacted at OMV. Additional co-funding schemes (Research Incentive Scheme for Companies and Initiatives in New Technology (INTECH) Scheme) are available to support the development of new technologies and intellectual property in
Financial Services	The Financial Sector Incentive (FSI) Scheme is a broad-based scheme meant for incentivising financial institutions (including fund management activities) for performing high-growth and value-added financial activities. Under the FSI Scheme, income derived by the FSI award holders from qualifying activities are subject to Singapore income tax at the concessionary rates of 0%, 5%, 10% or 12%, depending on the awards granted.
Singapore Variable Capital Companies (S-VACC)	S-VACC will be treated as a company and a single entity for tax purposes and entitled to tax exemptions under Section 13R and 13X of the SITA. Approved fund mangers managing an incentivised S-VACC will also be granted a 10% concessionary tax rate under the FSI Scheme.

Incentive Type	Details
Trading	Under the Global Trader Programme (GTP), trading in qualifying commodities and related products will be taxed at lower taxes rates (5% or 10%) depending on the proposed size of the trading activities in Singapore. Companies must have substantial operations in Singapore and meet stringent quantitative criteria (including employment and local expenditure) and must also be committed to make significant use of the banking, financial infrastructure, logistics, arbitration and other supporting services in Singapore as well as contribute to manpower development in Singapore.
Maritime, shipping and logistics	The Maritime Sector Incentive (MSI) Scheme provides maritime and related companies a range of schemes to grow and develop their businesses in Singapore. Companies may enjoy tax exemption on qualifying shipping income for non-Singapore flagged ships (shipping activities), tax concessions on qualifying leasing/management income (leasing activities) or lower tax rates on shipping support services on qualifying income. Withholding tax exemptions on interest for related financing arrangements and tax exemptions on disposal gains are also available for qualifying companies. International shipping, leasing or related support services companies with established worldwide networks, a strong track record, demonstrable business plan and a commitment to expand their operations (include shipping, leasing or related support services in Singapore) may apply.

In addition to the above, there are many other incentives available. Companies can use the Business Grants Portal (https://www.businessgrants.gov.sg/) to search and apply for government grants.

Anti-Avoidance Measures

General Anti-avoidance Rule

Singapore has a general anti-avoidance provision that allows it to make adjustments to counteract any tax advantage obtained by a taxpayer under an arrangement that has not been carried out for bona fide commercial reasons with a main purpose to avoid or reduce taxation.

Base Erosion and Profit Shifting (BEPS)

Singapore has signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) and lodged with the OECD a provisional list of reservations and notifications. Consistent with its commitments as a member of the inclusive framework for implementing measures to counter BEPS, Singapore has adopted the MLI articles relating to preventing treaty abuse (adopting the principal purpose test) and enhancing dispute resolution. It has also adopted the mandatory binding arbitration (choosing the final offer option). At the same time of signing, 68 of Singapore's 84 in-force DTAs have been identified as the covered tax agreements to be updated through the MLI.

The MLI provides a convenient platform for countries/ territories to update their tax treaties to implement measures to counter BEPS. It provides choices that each party can make ie., which treaties to be covered and the applicable provisions (by opting for or out of certain clauses), subject to the adoption of certain minimum standards.

Thin Capitalisation Rules

None.

Controlled Foreign Company Provisions

None.

Others (ie. subject-to-tax clauses)

None.

Individual Income Tax

Individuals are taxed on a preceding year basis. In general, all remuneration arising from employment (including benefits-in-kind) exercised in Singapore are taxable. Benefits-in-kind which would give rise to a charge to tax include use of car, provision of accommodation, home leave passage, stock purchase and share options. Singapore does not have "Pay As You Earn" employer tax deduction system.

Income Tax Rates: Resident Individuals

CHARGEABLE INCOME (S$)	INCOME TAX RATE (%)	GROSS TAX PAYABLE (S$)
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	3.50	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	11.50	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	18	7,200
On the first 200,000	-	21,150
On the next 40,000	19	7,600
On the first 240,000	-	28,750
On the next 40,000	19.5	7,800
On the first 280,000	-	36,550
On the next 40,000	20	8,000
On the first 320,000	-	44,550
In excess of 320,000	22	

Income Tax Rates: Non-resident Individuals

TYPE OF INCOME	%
Employment income (or resident rates, whichever gives rise to higher tax)	15
Director's remuneration	22
Entertainer's professional income	10*
Other professional income (may make an irrevocable option to be taxed at 22% of net income as defined)	15
Short-term employment income (i.e. 60 days or less)	Exempt
Dividends	0
Other income	22

* *The withholding tax rate has been reduced from 15% to 10% for payments made to non-resident public entertainers from 22 February 2010 to 31 March 2020.*

Taxation of Accommodation Benefits

The taxable value of housing accommodation provided by the employer will be the annual value of the premises (plus furniture and fittings less rent paid by the employee) unless certain other conditions apply.

Not Ordinarily Resident Scheme (NOR Scheme)

An individual can qualify for the NOR scheme for a period of 5 years of assessment if the following criteria are met:

1. The individual must be a tax resident for the YA in which he wishes to qualify for the NOR scheme; and

2. The individual must not have been a Singapore resident in the 3 consecutive YA before the year he first qualifies for the NOR scheme.

Under the NOR scheme, a qualifying individual employed by a Singapore employer can enjoy one or more of the following tax concessions:

- Time apportionment of Singapore employment income including perquisites and leave pay (subject to a minimum Singapore employment income of S$160,000 and to spending at least 90 days outside Singapore for business purposes), subject to a minimum effective tax rate of 10%.
- Tax exemption of employer's contribution to non-mandatory overseas pension fund or social security scheme (not applicable to a Singapore citizen or a Singapore permanent resident (SPR) and the qualifying individual must derive a minimum income of S$160,000. In addition, the employer must not claim a deduction for the contributions).

Employer's Obligations

Central Provident Fund (CPF) contributions are mandatory for Singapore citizens and for SPRs. Note that there are reduced rates of contribution for SPRs in the first and second year.

	CPF CONTRIBUTION RATES		
EMPLOYEE AGE	EMPLOYER (%)	EMPLOYEE (%)	TOTAL (%)
55 years and below	17	20	37
Above 55 years to 60 years	13	13	26
Above 60 years to 65 years	9	7.5	16.5
Above 65 years	7.5	5	12.5
CPF monthly salary ceiling	S$6,000		
Additional wage ceiling	S$102,000 – total ordinary wages subject to CPF contributions		

Skills Development Levy (SDL)

Employers are required to contribute SDL for all workers they employ (including foreigners), up to the first S$4,500 of gross monthly remuneration at a rate of 0.25% or a minimum of S$2 (for total wages of S$800 or less), whichever is higher.

Others

Property Tax

Property tax rates are based on a progressive rate structure. The tax rates for owner occupied residential properties are lower than non-owner occupied residential properties.

Residential Properties

Owner-Occupier Tax Rates

ANNUAL VALUE (S$)	PROPERTY TAX RATE (%)	PROPERTY TAX PAYABLE (S$)
First 8,000	0	0
Next 47,000	4	1,880
First 55,000	-	1,880
Next 15,000	6	900
First 70,000	-	2,780
Next 15,000	8	1,200
First 85,000	-	3,980
Next 15,000	10	1,500
First 100,000	-	5,480
Next 15,000	12	1,800
First 115,000	-	7,280
Next 15,000	14	2,100
First 130,000	-	9,380
Above 130,000	16	

Non-Owner Occupied Tax Rates

ANNUAL VALUE (S$)	PROPERTY TAX RATE (%)	PROPERTY TAX PAYABLE (S$)
First 30,000	10	3,000
Next 15,000	12	1,800
First 45,000	-	4,800
Next 15,000	14	2,100
First 60,000	-	6,900
Next 15,000	16	2,400
First 75,000	-	9,300
Next 15,000	18	2,700
First 90,000	-	12,000
Above 90,000	20	

Non-Residential Properties

Commercial and Industrial Properties

Non-residential properties such as commercial and industrial buildings and land are taxed at 10% of the Annual Value. The owner-occupier tax rates do not apply to non-residential properties even if the taxpayer have bought the properties for the taxpayer's own use/occupation.

Stamp Duty

Buyer Stamp Duty (BSD)

Stamp duty is payable for documents executed for a sale and purchase of property.

Stamp duty is based upon the purchase price or market value, whichever is higher:

PURCHASE PRICE OR MARKET VALUE OF THE PROPERTY	BSD FOR RESIDENTIAL PROPERTY	BSD FOR NON-RESIDENTIAL PROPERTY
First S$180,000	1%	1%
Next S$180,000	2%	2%
Next S$640,000	3%	3%
Thereafter	4%	3%

Additional Buyer's Stamp Duty (ABSD)

Buyers of Singapore residential property may be subject to additional stamp duty depending on the profile of the buyer.

ABSD rates for residential properties acquired are as follows:

PROFILE OF BUYER		ABSD
Foreign Person		15%
Singapore Permanent Resident	1st property	5%
	2nd property	10%
Singapore Citizen and Certain *Foreigners under Free Trade Agreements (FTA)	1st property	Nil
	2nd property	7%
	3rd and subsequent property	10%

**Foreigners under FTAs are defined as nationals and permanent residents of Iceland, Liechtenstein, Norway and Switzerland and Nationals of United States of America.*

Seller Stamp Duty (SSD)

Sellers of Singapore residential property are subject to additional stamp duty depending on the sellers' holding period of the property.

The SSD rates for properties disposed of within three years from the acquisition date are as follows:

HOLDING PERIOD	SSD
Up to 1 year	12% of price or market value, whichever is higher
More than 1 year and up to 2 years	8% of price or market value, whichever is higher
More than 2 years and up to 3 years	4% of price or market value, whichever is higher

Rates for Transfer or Gift of Shares

PURCHASE PRICE OR NET ASSET VALUE, WHICHEVER IS HIGHER	0.2%

Remission of stamp duties are given in the following circumstances:

- In connection with bona fide aborted property transactions and similar lease contracts or agreements except for an administrative charge of S$50.
- Transfer of unlisted shares for qualifying merger and acquisition deals executed from 1 April 2016 to 31 March 2020 (both dates inclusive) capped at S$80,000 per year.

Relief from stamp duty is given for transfers of assets between associated companies including unlimited companies, Limited Liability Partnerships (where all the partners are companies) and Statutory Boards. The transferee companies do not need to be Singapore companies or Singapore tax residents to qualify for the stamp duty relief. The relief is also extended to include the transfer of mortgages for financial institutions and conversion of an existing company to a Limited Liability Partnership.

Capital Gains Tax

Singapore does not tax capital gains but if the taxpayer is considered as trading in such assets ("revenue"), the gain may be taxable. Whether a gain is considered as "capital" or "revenue", the IRAS uses the Badges of Trade Concept.

As a safe harbour rule, where gains derived from the disposal of equity investments till 31 May 2022, the gains will not be taxed if the divesting company holds a minimum equity shareholding of 20% in the company whose shares are being disposed and the divesting company maintains the minimum 20% shareholding for a minimum period of 24 months just prior to disposal.

Goods and Services Tax (GST)

Value Added Tax / Goods and Services Tax

Singapore imposes a goods and services tax (similar to a European-style VAT) on the supply of most goods and services consumed in Singapore and on imports of goods. The standard rate is 7%, with a zero rate for international services and exports. Supplies of financial services, residential property and investment in precious metals are exempt from the tax. GST on imported services ("reverse charge") will be introduced from 1 January 2020. B2B imported services will be taxed via a reverse charge mechanism.

TYPES OF SUPPLIES	GST RATE
Standard rate	7%
Exported goods & international services	0%
Certain financial services, sale and lease of unfurnished residential properties and import and local supply of investment precious metals	Exempt
Compulsory registration threshold	Annual taxable turnover of S$1,000,000

It is expected that the GST rate will be increased by 2% points in a progressive manner during the years 2021 to 2025.

Other Transfer Taxes, Inheritance Tax, Gift Tax and Wealth Tax

None.

Employment Credits

Wage Credit Scheme (WCS)

The government will fund 20%, 15% and 10% of wage increases for the years 2018, 2019 and 2020 , respectively given to Singaporean employees earning a gross monthly wage (Gross monthly wage is defined as the total wages paid by the employer to the employee in the calendar year, divided by the number of months in which CPF contributions were made) up to S$4,000.

Special Employment Credits (SEC)

Employers who hire Singaporean employees aged above 55 earning up to $4,000 a month will receive SEC of up to 8% of the employee's monthly wages. The Government has committed to provide the SEC until 31 December 2019.

Singapore Tax Compliance - Corporate

Estimated Chargeable Income (ECI)

Every company is required to furnish an ECI within 3 months after the end of the financial year unless the company qualifies for the administrative concession for a particular financial year. If ECI is furnished within the qualifying period, interest-free installments are available (maximum of 10 installments if ECI is e-filed, or maximum of 5 installments if it is manually filed), provided that the company is under Bank GIRO deduction.

To qualify for the administrative concession, the company's annual revenue cannot be more than S$5 million and ECI should be nil.

Settlement of Tax Liability

The tax liability has to be settled within one month from the date of issue of notice of assessment, unless the company is under an installment plan. If the tax is not paid by the due date, a 5% penalty will be imposed. A 1% additional penalty per month up to 12% may be imposed 60 days after the 5% penalty if the tax is still not paid. In addition, IRAS may take recovery action.

Filing of Company's Tax Return (Form C / Form C-S)

Due date is 30 November or 15 December for companies that chose to e-file the tax return.

Depending on the turnover of the company, e-Filing of the tax return will become mandatory over a staggered period (YA 2018 to YA 2020).

For late filing/non-filing of the tax return, IRAS will issue a letter of composition for penalty and/or summons could be issued to the company to attend court.

Objection to the Notice of Assessment

If company does not agree with the assessment raised, it has to lodge an objection in writing, stating the precise grounds of objection, within two months from the date of issue of notice of assessment; otherwise the assessment will automatically become final.

Withholding Tax Return (Form IR37)

A withholding tax payment has to be made together with a completed Form IR37 by the 15th of the second month following the date of payment to the non-resident.

Late payment attracts a penalty of 5% of the amount of withholding tax payable. The penalty is increased by 1% per month up to 15% (total of 20%) for every month that the tax remains unpaid.

GST Registration

If a business who is required to register for GST compulsorily but fails to do so within the required time, that business may be liable to a fine and a penalty equal to 10% of the tax due from the date on which the business is required to apply for GST registration. The business's effective date of registration will be back-dated to that day that its liability to register arose. It will be required to file its GST returns and account for GST to the Comptroller on all the past standard-rated supplies it has made since the effective date of registration.

GST Return (Form GST F5)

A company that is GST-registered is required to submit a standard quarterly GST return. However, company may request for monthly, six-monthly or special accounting periods which is subject to approval. The due date for the Form GST F5 together with payment of output GST due, if any, is one month after the end of the accounting period.

A penalty of S$200 up to S$10,000 will be imposed for every month that the quarterly GST return is outstanding.

Further the IRAS may issue an estimated Notice of Assessment and impose a 5% late penalty on the estimated tax.

Singapore Tax Compliance - Individual

Filing of Individual's Tax Return (Form B/B1/M)

Tax return is due for filing to the IRAS by 15 April[#] or 18 April, if the tax payer e-files his/her tax return, of the following year. If tax return is not filed by the 15 April / 18 April deadline, IRAS may raise an estimated assessment.

IRAS will allow bulk extension of time (for tax agents) to file tax returns of taxpayers (both local and foreigners) by 30 June 2018 for YA 2018. The list of clients must be provided by tax agents to IRAS by 31 March 2018.

Settlement of Tax Liability

The tax liability has to be settled within one month from the date of issue of notice of assessment. If the tax is not paid by the due date, a 5% penalty will be imposed. A 1% additional penalty per month up to 12% may be imposed 60 days after the 5% penalty, if the tax is still not paid. In addition, IRAS may take recovery action. A 12 month interest-free installment plan is available upon request. Interest free installments are available for payment with Bank GIRO deductions.

Objection to the Notice of Assessment

If an individual does not agree with the assessment raised, he/she has to lodge an objection in writing, stating the precise grounds of objection, within 30 days from the date of issue of notice of assessment; otherwise the assessment will automatically become final.

Letter of Guarantee ("LOG")

A foreign individual who is employed by a foreign employer (e.g. representative office or entity not registered in Singapore) is required to provide a LOG from a local bank or an established limited company in Singapore to cover his/her estimated tax for the coming YA. If the LOG is not provided to the IRAS, an advance assessment will be issued.

Singapore Tax Compliance - Employer

Form IR8A

Companies must give completed Form IR8A and Appendices (where applicable) to employees, showing remuneration and benefits-in-kind for the previous calendar year, by 1 March for submission, together with his/her income tax return or transmit the salary information electronically to IRAS if the company is under the Auto-Inclusion Scheme (AIS).

Tax Clearance for Non-citizen Employees

A Form IR21 must be completed at least one month before a non-citizen employee ceases employment in Singapore (including posting to an overseas location) or plans to leave Singapore for more than 3 months. The employer is required to withhold all monies due to the employer from date that it is known that the employee will be leaving the company. Employers who fail to comply may be liable to a fine not exceeding S$1,000 and for the employee's unpaid tax, if any.

CPF Contributions, Levies, Funds and Donations

CPF contributions are due within 14 days after the end of a particular payroll month. If the contributions are not paid to the CPF Board by the due date, an interest of 1.5% calculated on a daily basis will be imposed per month starting from the first day of the following month after the contributions are due. The minimum interest payable is S$5 per month.

For late/non-payment of CPF contributions, CPF Board will issue a letter of composition for penalty and/or summons could be issued to the employers to attend court. Directors of a Singapore company could be personally liable for unpaid CPF contributions.

In addition the CPF Board is also the collecting agent for Foreign Worker Levy, Skills Development Levy, Mosque Building and Mendaki Fund (MBMF), Singapore Indian Development Association (SINDA) Fund, Chinese Development Assistance Council (CDAC) Fund, Eurasian Community Fund (ECF) and Share Programme Donations. All payments are due within 14 days after the end of a particular payroll month.

Singapore Tax Compliance - Other Businesses

The following are all due on 15 April#

- Form P for partnerships (including LLPs)
- Form P1 for clubs, management corporations and pension and provident funds
- Form T for trusts and estates

 # IRAS will allow bulk extension of time (for tax agents) to file tax returns of taxpayer by 30 April 2018 for Form P/P1 and 31 May 2018 for Form T for YA 2018. The list of clients must be provided by tax agents to IRAS by 31 March 2018.

Appendix

Treaty Partners	Dividends	Interest	Royalties
Albania	5	5	5
Australia	15	10	10
Austria	0/10	5	5
Bahrain	0	5	5
Bangladesh	15	10	10
Barbados	0	12	8
Belarus	5	5	5
Belgium	0/5/15	5	5
Brunei	10	5/10	10
Bulgaria	5	5	5
Cambodia	10	10	10
Canada	15	15	15
China	5/10	7/10	10
Cyprus	0	7/10	10
Czech Republic	5	0	0/5/10
Denmark	0/5/10	10	10
Ecuador	5	10	10
Egypt	15	15	15
Estonia	5/10	10	7.5
Ethiopia	5	5	5
Fiji	5/15	10	10
Finland	5/10	5	5
France	5/15/DL	0/10	0
Georgia	0	0	0
Germany	5/15	8	8
Guernsey	0	12	8
Hungary	5/10	5	5
India	10/15	10/15	10

Treaty Partners	Dividends	Interest	Royalties
Indonesia	10/15	10	15
Ireland	0	5	5
Isle of Man	0	12	8
Israel	5/10	7	5
Italy	10	12.5	15/20
Japan	5/15	10	10
Jersey	0	12	8
Kazakhstan	5/10	10	10
Korea (ROK)	10/15	10	15
Kuwait	0	7	10
Laos	5/8	5	5
Latvia	5/10	10	7.5
Libya	5/10	5	5
Liechtenstein	0	12	8
Lithuania	5/10	10	7.5
Luxembourg	0	0	7
Malaysia	5/10	10	8
Malta	0	7/10	10
Mauritius	0	0	0
Mexico	0	5/15	10
Mongolia	5/10	5/10	5
Morocco	8/10	10	10
Myanmar	5/10	8/10	10/15
Netherlands	0	10	0
New Zealand	5/15	10	5
Norway	5/15	7	7
Oman	5	7	8
Pakistan	10/12.5/15	12.5	10
Panama	4/5	5	5

Treaty Partners	Dividends	Interest	Royalties
Papau New Guinea	15	10	10
Philippines	15/25	15	0/25
Poland	5/10	5	2/5
Portugal	10	10	10
Qatar	0	5	10
Romania	5	5	5
Russia	5/10	0	5
Rwanda	7.5	10	10
San Marino	0	12	8
Saudi Arabia	5	5	8
Seychelles	0	12	8
Slovakia	5/10	0	10
Slovenia	5	5	5
South Africa	5/10	0/7.5	5
Spain	0/5	5	5
Sri Lanka	7.5/10	0/10	10
Sweden	10/15	10/15	0
Switzerland	5/15	5	5
Taiwan	DL	DL	15
Thailand	10	10/15	5/8/10
Turkey	10/15	7.5/10	10
Ukraine	5/15	10	7.5
United Arab Emirates	0	0	5/D
United Kingdom	0/15	0/5	8
Uruguay	5/10	0/10	5/10
Uzbekistan	5	5	8
Vietnam	5/7/12.5	10	5/10

DL = Domestic law rate applies

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February 2018

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