



Have you made any payments to non-residents?

Introduction

Under the Singapore Income Tax Act, if a Singapore business makes certain payments (or incurs liabilities) to non-residents, there is a requirement to withhold taxes at the applicable rates.

What payments generally apply?

- Interest and any other fees in connection with any loan or indebtedness
- Royalties or other payments for the use of or the right to use any movable property
- Payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information
- Payments for the rendering of assistance or service in connection with the application or use of scientific, technical, industrial or commercial knowledge or information
- Management fees
- Rent or other payments for the use of any movable property
- Payments of any remuneration to a non-resident director
- Payments for the purchase of real property from a non-resident property trader
- Payments to non-resident professionals, including consultants, trainers, coaches etc.
- Payments to non-resident public entertainers, including artistes, musicians, sportsmen, etc.

When is withholding tax due?

Withholding tax payment and compliance is due by the 15th of the second month following the date of payment:

The date of payment is defined as the earliest of:

- When the payment is due and payable based on agreement or contract (or date of invoice the absence of agreement or contract)
- When the payment is credited or deemed credited to the account of the non-resident
- Date of actual payment

In the case of director's fees, the date of payment is the date the fees are voted and approved at the company's annual general meeting.

Rates and Tax treaties

Withholding tax rates range 2% to 20% (depending on the nature of the payment) and may be reduced under an applicable tax treaty that Singapore has with a foreign tax jurisdiction.

Is there anything I should look out for?

In some jurisdictions, withholding tax is only due when a payment is actual made. In Singapore, withholding tax may be due earlier than this. For example, if a business incurs a liability as at its financial year end, withholding tax may be due, even though the liability has not been settled yet.

Why should I care?

The Singapore tax authorities ("IRAS") impose penalties on late withholding tax payments and compliance. The penalties increase the longer the business take to settle the withholding tax. In most cases, the maximum penalty charged is 20% of the withholding tax due. The business may be able to obtain a waiver of such penalties if the business voluntarily discloses its non-compliance to the IRAS.

Example financial year end and compliance dates

Date of Payment	Withholding Tax Payment and Compliance Date
31 December 2013	15 February 2014
31 March 2014	15 May 2014
30 June 2014	15 August 2014
30 September 2014	15 November 2014

If you require any further clarifications, please contact Sanjay Iyer on sanjay@iyerpractice.com.

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