

SINGAPORE

- 0- SYNOPSIS TABLE: TAXATION OF RESIDENTS AND NON-RESIDENTS
- 1. AN OUTLINE OF COMPANY LAW
- 2. WHEN SINGAPORE COMPANIES CAN BE CONSIDERED RESIDENT OR NON-RESIDENT?
- 3. BUSINESS AND NON-BUSINESS ACTIVITIES (ADMINISTRATIVE OFFICES, LIAISON OFFICES, PURCHASING OFFICES, ETC.)
- 4. WHICH FOREIGN LOCAL UNITS CAN BE OPENED IN SINGAPORE: SECONDARY ESTABLISHMENTS, BRANCHES, SUBSIDIARIES OR PERMANENT ESTABLISHMENTS?
- 5. CALCULATING TAXABLE INCOME
- 6. TREATMENT OF LOSSES
- 7. IS INTEREST DEDUCTIBLE?
- 8. IS DEPRECIATION DEDUCTIBILITY ACKNOWLEDGED?
- 9. WHAT TAX TREATMENT IS APPLIED TO RESIDENT COMPANIES?
- 10. ARE GROUP COMPANIES CONSIDERED SINGLE COMPANIES FOR FISCAL PURPOSES?
- 11. WHAT TAX TREATMENT IS APPLIED TO FOREIGN LOCAL UNITS AND NON-RESIDENT COMPANIES?
- 12. ARE CAPITAL GAINS TAXED?
- 13. WHAT TAX TREATMENT IS APPLIED IN CASE OF COMPANY LIQUIDATION?
- 14. TRANSFER OR REPURCHASE OF SHARES: HOW ARE THEY TAXED?
- 15. WHAT OTHER TAXES ARE APPLIED IN SINGAPORE?
- 16. DIVIDENDS, INTEREST AND ROYALTIES: HOW ARE THEY CONSIDERED AND TAXED?
- 17. HOW ARE CALCULATED STOCKS OR INVENTORIES?
- 18. HOW ARE RESIDENT INDIVIDUALS TAXED?

- 19. HOW ARE FOREIGN INDIVIDUALS TAXED? WHEN ARE THEY CONSIDERED RESIDENT?
- 20. TERMS FOR TAX PAYMENTS: THE FISCAL YEAR IN SINGAPORE
- 21. WHAT TAX INSPECTIONS ARE MADE?
- 22. CAN TAXPAYERS AGREE IN ADVANCE THEIR TAX TREATMENT?
- 23. WHAT EXCHANGE CONTROLS ARE CARRIED OUT?
- 24. WHAT TAX RELIEFS AND INCENTIVES ARE GRANTED BY THE SINGAPORE GOVERNMENT?
- 25. HAS SINGAPORE SIGNED BILATERAL TAX AGREEMENTS WITH OTHER COUNTRIES? TABLE OF WITHHOLDING TAXES

Last reviewed: 09/01/2024

Embassy of Italy in Singapore

Singapore – Embassy of Italy
Amb. Dante Brandi
9, Raffles Place, #33-01 Republic Plaza, 048619
Tel. 006562506022
Website: www.ambsingapore.esteri.it
E-mail: ambasciata.singapore@esteri.it

Consulate of Singapore in Italy

Rome – Honorary Consulate
Hon. Cons. Nicolò Marzotto
Via Frattina, 89 – 00187 Rome
Tel. 00390669940398
Fax 0039066780586
Website: www.mfa.gov.sg/Rome
E-mail: hcgoffice.rome@yahoo.com

0- SYNOPTIC TABLE: TAXATION OF RESIDENTS AND NON-RESIDENTS

	RESIDENTS	NON-RESIDENTS
CORPORATE INCOME TAX	17% Pioneer industries: exempt for 15 years	17%
TAXES ON CAPITAL GAINS	Not applied	
WITHHOLDING TAXES		
Interest		0% - 15%
Dividends		Exempt
Royalties		10%
PERSONAL INCOME TAX	0% - 22%	Higher rate between 15% and resident income rate
OTHER TAXES		
Property tax	11%- 27% residential premises 10% non-residential premises	
Stamp duties	Applied at different rates	
Environmental taxes	30% - 45%	
VAT	(GST) 0% - 9% (7% before 1 Jan 2023)	
LOSSES		
Carried forward	Unlimited	
Carried back	Applied for one year max S\$ 100,000	
DEPRECIATION		
Fixed assets	Industrial construction and other properties: 25% initial depreciation + 3% annual depreciation on a straight-line basis Facilities & equipment: 20%	
Intangible assets	Industrial know-how and patents: yearly depreciation	

1- AN OUTLINE OF COMPANY LAW

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Company</i>	<p>The most common are joint stock companies, limited liability companies and unlimited liability companies.</p> <p>Joint-stock company: it is used for profit-making activities. There are no time limits on shareholdings in foreign companies set up in the territory of the State. The members' liability is limited to the subscribed amount of the shares.</p> <p>Limited Liability Company with Guarantees: Liability is limited to the amount that each member has undertaken to pay in the event of liquidation of the company and is used for social or non-profit activities.</p> <p>Unlimited liability company: this type of company is characterized by the unlimited liability of its members.</p>		<p>All companies (resident and non-resident) must register with the accounting and corporate regulatory authority and the Register of Companies and must appoint an auditor within three months of incorporation.</p>
<i>Branch</i>	<p>The branch must have a registered office in Singapore and at least two agents must be resident in Singapore.</p> <p>The branch is administratively simpler than a corporation but its liabilities extend to the foreign headquarters.</p>		<p>Before opening an office or business in Singapore, the foreign company must register as a branch with the accounting and corporate regulator.</p>
<i>Trust</i>	<p>A trust can be a fixed interest trust (e.g. unit trust) or a discretionary trust.</p>		
<i>Unit trust</i>	<p>A unit trust is a legal entity used to enable income and capital of the trust to be distributed to the unit holder beneficiaries, as stipulated by the trust deed.</p> <p>The amount of a beneficiary's entitlement to income or capital of the unit trust is determined by the number of units held and the rights attaching to the units.</p> <p>As with a discretionary trust, a unit trust is not a taxable entity, and tax on the trust income is usually paid by the unit holders, unless other statutory provisions apply</p>		
<i>Business Trust</i>	<p>It is a trust that operates and runs a business enterprise and is considered a company because economic purpose, structure and operation of a business trust are similar to those of a company.</p>		<p>The income of a registered business trust is taxable at the trustee level.</p>

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Sole proprietorship</i>	It is not regarded as a separate legal entity.	It involves the least number of formalities and minimal cost to set up.	
<i>Partnership</i>	It is not considered a person in law and it is made up of 2 or more individuals and / or companies.		Each partner is taxed on their share in the net income of the partnership at that partner's individual tax rate.
<i>Limited liability partnership</i>	It is a hybrid that combines the features of a company and a partnership. It has a separate legal personality like a company.		Each shareholder is taxed according to his/her share of the company's income.
<i>Limited partnership</i>	An LP has one or more limited partners in addition to one or more general partners. A limited partner is not liable for the debts or obligations of the partnership firm, whereas a general partner is personally liable for all the debts incurred, obligations and liabilities of the LP.		The income of an LP is not subject to tax in the hands of the partnership. Instead, each partner of the LP is chargeable to tax on their share of the LP's income.

2- WHEN SINGAPORE COMPANIES CAN BE CONSIDERED RESIDENT OR NON-RESIDENT?

A company is regarded as resident in Singapore for tax purposes if it has its management and control in Singapore. As a general rule, the place where the directors of a company manage and control its business and hold their board meetings is the place where the company is deemed resident.

3- BUSINESS AND NON-BUSINESS ACTIVITIES (ADMINISTRATIVE OFFICES, LIAISON OFFICES, PURCHASING OFFICES, ETC.)

Administrative or liaison activities carried out in Singapore will not be taxed, provided crucial board level type decisions are not made in Singapore and these offices do not engage in any form of trading in Singapore.

Generally, administrative and liaison activities include collecting trade information and carrying samples for existing and potential customers.

Most of Singapore's tax treaties with other countries provide that a Singapore office used for buying goods, collecting information, or advertising products, will not constitute a permanent establishment of the overseas entity which it represents in Singapore.

The Singapore office of a service company is liable to Singapore income tax on a notional net profit for the services it renders of between 5% and 10% of its overhead expenses. A service company is one that is set up for the purposes of rendering services to its holding company and/or other related companies. A service company can function as a regional office, supervising and coordinating the activities of affiliated companies, agents, distributors and licensees in the region (for example companies providing after-sales services to the customers of the parent company located outside Singapore). Service companies are normally structured as cost centres.

4- WHICH FOREIGN LOCAL UNITS CAN BE OPENED IN SINGAPORE: SECONDARY ESTABLISHMENTS, BRANCHES, SUBSIDIARIES OR PERMANENT ESTABLISHMENTS?

A Singapore branch's taxable trading profits are calculated on the same basis as for a Singapore resident company.

Singapore branches of non-resident companies are exempt from Singapore withholding tax on income such as interest, royalties, management fees and technical assistance fees that it receives from other Singapore entities.

Certain interest paid by certain banks, financial companies and financial institutions to non-resident persons with a permanent establishment (PE) in Singapore for the purpose of their trade and business is exempt from withholding tax.

The remittance of taxed branch profits out of Singapore are exempt from any withholding taxes.

Non-residents are not liable to Singapore tax on trading or business profits unless they are trading or doing business in Singapore. This rule is subject to the operation of the relevant tax treaties entered into between Singapore and that country.

5- CALCULATING TAXABLE INCOME

Trading profits of companies are usually computed on an accrual basis for Singapore tax purposes in accordance with the ordinary principles of commercial accounting, but adjusted for specific items.

There are detailed rules regarding the deductibility of expenses. Generally, all tax expenses incurred for the purpose of producing taxable income are deductible, unless specifically excluded. Here is a summary of the non-deductible expenses:

- domestic or private expenses;
- capital expenditures;
- bad trade debts;
- fines and penalties;
- expenses incurred prior to the commencement of business;
- taxes paid on income, local or foreign.

Where an interest withholding amount is not remitted to the IRAS, no deduction is allowed for interest paid by a person outside.

Amounts recognised in respect of long service leave, annual leave, sick leave and other leave are not deductible until the expenditure is incurred (ie paid to the employee).

Capital expenditure incurred on renovation or refurbishment works (R&R costs) carried out on the business premises of a taxpayer is generally not allowable as a tax deduction. Exceptionally, qualifying R&R costs incurred in the 2023 income year (YA 2024) and the 2020 and 2021 income years may be fully deducted in the year of assessment.

Deductible expenses:

- entertainment expenses;
- expenses relating to company cars bearing a Q-plate (business service passenger vehicle), subject to certain capping rules;
- contributions to a pension or provident fund, provided that they are approved;
- medical expenses incurred by employers in providing medical benefits for their employees.

There is a 250% deduction for qualifying donations made between 2009 and 2023 to institutions of a public character (IPCs) and other approved recipients.

Foreign exchange gains or losses on revenue account are not taxable or allowable until there is physical conversion of the foreign currencies into the functional currencies of the businesses.

6- TREATMENT OF LOSSES

Trading losses may be offset against all income received in the same accounting period or carried forward indefinitely and offset against future trading profits. Tax losses up to S\$100,000 incurred in a current year may be carried back for one year (extended to 3 years for 2020 and 2021).

Capital allowances in excess of taxable income may be carried forward against future taxable income provided the substantial shareholding and same business tests are satisfied. Singapore's substantial shareholding test for companies requires the shareholders of a company and their respective shareholdings to remain substantially the same, such that, as at certain relevant dates, not less than 50% of the company's total number of issued shares are held by or on behalf of the same persons.

7- IS INTEREST DEDUCTIBLE?

Interest is deductible for Singapore tax purposes to the extent that it is incurred in producing assessable income. Interest related to foreign income retained outside Singapore is non-deductible.

When interest is paid to a non-tax resident of Singapore, there is an obligation on the payer to withhold tax from the gross amount of the payment.

8- IS DEPRECIATION DEDUCTIBILITY ACKNOWLEDGED?

A deduction for depreciation (capital allowance) is allowed in respect of qualifying capital assets.

Industrial construction and other buildings (used in the manufacturing sector):

initial allowance 25%

annual depreciation on a straight-line basis on the original cost 3%

plant and machinery:

initial allowance 20%

an annual allowance on a straight-line basis is granted over the useful life, less the initial allowance, based on the number of years of useful life

Fixed asset	useful life (years)
-------------	---------------------

aircraft	5
----------	---

bank vaults	16
-------------	----

building and construction equipment	6
-------------------------------------	---

cable cars and equipment	12
--------------------------	----

cables	16
--------	----

containers used for the carriage of goods	10
---	----

electric, gas, water and steam, utility plant (including tanks and generators)	16
---	----

electronic equipment	8
----------------------	---

farming equipment	8
-------------------	---

fire safety devices	10
---------------------	----

manufacturing and industrial processing plant and machinery	6
--	---

materials and passenger handling equipment (including lifts, escalators and trolleys)	6
--	---

office equipment:	
- furniture and fixtures	10

- typewriters, calculators and copiers	8
--	---

- telecommunication equipment	10
-------------------------------	----

railway wagons, lines and related equipment 16

transport equipment:

- buses	6
- taxis	5
- trucks, vans, etc.	6
- motorcycles	8

Qualifying capital expenditure incurred by a company in acquiring any intellectual property rights from 1 November 2003 to 31 December 2024 qualifies for writing-down allowances if the company is able to prove that the ownership of the intellectual property lies with the Singapore company.

Plant and machinery acquired during the 2023 income year (YA 2024) may be written off at the rate of 75% in YA 2024 and 25% in YA 2025. A claim for 100% write-off is also available for any machinery or plant that cost not more than S\$5,000. The aggregate claim is capped at S\$30,000 per year.

9- WHAT TAX TREATMENT IS APPLIED TO RESIDENT COMPANIES?

Trading profits and other income of Singapore resident business trusts and resident and non-resident companies and branches are taxed at the corporate tax rate.

The corporate tax rate for 2023 income is 17%, unchanged since 2010.

Under Singapore's partial tax exemption (PTE) scheme, three-quarters of the first S\$10,000, and one-half of the next S\$190,000, of a company's chargeable income is exempt from corporate tax. Remaining chargeable income is taxed at the standard corporate rate of 17%.

Under Singapore's start-up tax exemption (SUTE) scheme, newly incorporated companies may qualify for tax exemption on three-quarters of the first S\$100,000 and one-half of the next S\$100,000 of their normal chargeable income in each of their first 3 consecutive years. To qualify for this exemption, a company must be incorporated in Singapore, it must be a tax resident of Singapore for the year of assessment of claim, it must have no more than 20 shareholders throughout the basis period for that year of assessment, and it must have at least one individual shareholder with a minimum of 10% shareholding.

Property developer companies and investment holding companies incorporated on or after 26 February 2013 are excluded from the SUTE scheme.

For income years 2012 to 2019, all companies (including registered business trusts, non-resident companies and companies that received income taxed at a concessionary tax rate) were entitled to a rebate of a percentage of their corporate income tax. A rebate has not been set for income years 2020 to 2023.

Between 1 June 2012 and 31 May 2027, gains from the disposal of shares in another company are not taxed as income if the disposing company owned at least 20% of the shares in the other company for at least 24 months immediately prior to the disposal. The ITA applies concessionary rates of tax to companies in certain industries or companies which carry on certain designated trades or businesses which are approved by the Minister for Finance.

10- ARE GROUP COMPANIES CONSIDERED SINGLE COMPANIES FOR FISCAL PURPOSES?

The current year trading losses, unutilised donations and unutilised capital allowances of one Singapore company may generally be utilised for tax purposes by another Singapore company in the same group with the same accounting year end. Consolidated returns are not available in Singapore, even for companies eligible for this group relief.

11- WHAT TAX TREATMENT IS APPLIED TO FOREIGN LOCAL UNITS AND NON-RESIDENT COMPANIES?

Trade profits and other income of resident and non-resident companies and branches are subject to corporate tax of 17%.

Non-residents are not liable to Singapore tax on trading or business profits unless they are trading or doing business in Singapore. This rule is subject to the operation of the relevant tax treaties entered into between Singapore and that country.

12- ARE CAPITAL GAINS TAXED?

There is no capital gains tax in Singapore.

13- WHAT TAX TREATMENT IS APPLIED IN CASE OF COMPANY LIQUIDATION?

A distribution of capital upon liquidation of a company normally is treated as a return of capital and hence not subject to tax.

Distributions out of profits earned before or during the liquidation may be treated as dividends if they are not made by a liquidator in the course of liquidation but in respect of the carrying on of the company's business with a view to bringing it to an end.

14- TRANSFER OF REPURCHASE OF SHARES: HOW ARE THEY TAXED?

Under Singapore law, a company can undertake capital reduction to cancel uncalled capital that is no longer required, to cancel capital no longer represented by available assets or to return capital to its shareholders. A company generally is only permitted to reduce its capital if the company is authorised by its articles of incorporation to reduce its capital, and the company obtains court approval for the capital reduction.

Singapore's Companies Act (CA) generally prohibits a company from acquiring its own shares.

15- WHAT OTHER TAXES ARE APPLIED IN SINGAPORE?

Goods and services tax (GST)

Goods and services tax (GST) – similar to VAT - was first introduced in Singapore on 1 April 1994. It upon the supply of goods and services in Singapore, as well as upon the import of goods into Singapore at the rate of 9% (from 1 Jan 2024).

Goods that are exported and services that qualify as international services are zero-rated. GST-registered traders need not charge GST on their zero-rated supplies, but may request a refund of any GST they have paid on purchases for the purposes of their business.

If a supply is exempt from GST, no tax is chargeable on it. The sale and lease of residential properties and prescribed financial services are exempt from GST in Singapore.

Property tax

Owners of immovable property located in Singapore are subject to annual property tax on the assessed value of the property. Properties include residential premises and non-residential premises. Assessed value is defined as the estimated annual rent a property could fetch if it were rented out.

For residential premises, the general rates range from 11% to 27%; non-residential premises, such as residential land, commercial buildings and industrial buildings, are taxed at a rate of 10% of their annual value. Public schools, public places of worship, property used for charitable purposes and property used to promote the social development of Singapore are exempt from property tax.

Stamp duties

Stamp duty is chargeable on an instrument of transfer which is executed in Singapore or which is executed outside Singapore and is received in Singapore. The transfer/sale of immovable property, the sale of shares and transfer of lease/agreement for a lease of any immovable property (including any furniture, chattels, fittings or equipment) are examples of some common items that are chargeable with stamp duty.

A buyer's stamp duty is levied on property purchases at the following rates:

<i>Value of consideration</i>	<i>Rate</i>
First S\$ 180,000	1%
Next S\$ 180,000	2%
Next S\$ 640,000	3%
Next S\$ 500,000	4%
Next S\$ 1,500,000	5%
Balance	6% - non residential properties: 5%

A tax from 0% to 12% is also applied on sales.

Customs and excise taxes

Singapore is a free port and has relatively few customs and excise taxes. Customs and excise taxes are imposed on all dutiable goods imported into or manufactured in Singapore. Dutiable goods primarily include motor vehicles, tobacco, intoxicating liquor and petroleum products.

Payroll tax

Singapore does not impose a general payroll tax. There is a skill development levy that is required to be paid by an employer at 0.25% of the salaries of employees earning not more than S\$4,500 per month.

Environmental taxes

The Government of Singapore levies a 30%-45% water tax to encourage water conservation.

A carbon tax applies to larger emitters on their taxable facilities, having emissions equal to or more than 25,000 tonnes of carbon dioxide-equivalent of greenhouse gas emissions in the preceding calendar year.

Tax on insurance premiums

The rate of income tax for insurance companies, whether resident or non-resident is the normal corporate tax rate of 17%.

Tax on gambling

A tax is applied on gambling (sports and non-sports betting, lotteries, etc.) at the rates of 25% or 30%.

There are two casinos in Singapore which are taxed on their gross income at the rates of 5% or 15%.

Road tax

Road tax is levied annually in Singapore on owners of motor vehicles. The tax is based on the size (engine capacity) and age of the vehicle.

Social security taxes

Employers and employees are generally required to make social security contributions to the Central Provident Fund (CPF), which covers retirement, healthcare, home ownership, family protection and asset enhancement. Contribution rates vary depending upon a number of factors, including salary and wage minimums and ceilings, age and residency/citizenship.

16- DIVIDENDS, INTEREST AND ROYALTIES: HOW ARE THEY CONSIDERED AND TAXED?

Dividends

Since 2003 the one-tier system applies: tax paid by a company is the final tax, that is there is no tax credit imputed to shareholders, and shareholders are not taxable on the receipt of those dividends.

A company that enjoys tax incentives or concessions can pay tax-exempt dividends out of any profits that have been exempt from tax or taxed at a reduced rate. Such dividends are exempt from tax in the hands of the shareholder.

Foreign source dividends are subject to income tax in Singapore if such dividends are received or deemed received in Singapore.

Interest

When interest is paid to a non-tax resident of Singapore, there is an obligation on the payer to withhold tax from the gross amount of the payment. Certain interest paid by certain banks, financial companies and financial institutions to non-resident persons for the purpose of their trade and business is exempt from withholding tax. If such interest is paid to a non-resident person without a permanent establishment (PE) in Singapore, the payment must be made between 1 April 2011 and 31 March 2026. If such interest is paid to a non-resident person with a PE in Singapore, the payment must be:

- made between 17 February 2012 and 31 March 2026 (inclusive) on contracts that took effect before 17 February 2012, or
- liable to be made on contracts which take effect between 17 February 2012 and 31 March 2026 (inclusive).

To qualify, an entity must be:

- a bank licensed under the Banking Act or approved under the Monetary Authority of Singapore Act
- a finance company licensed under the Finance Companies Act, or
- an approved financial institution licensed under the Securities and Futures Act that engages in lending as part of its regulated activity of dealing in securities in Singapore (such as an investment bank).

Royalties

Royalty withholding tax is deducted at source at the prescribed royalty withholding tax rate.

The following royalties are exempt from Singapore royalty withholding tax: tax for approved royalties, technical assistance fees or contributions received by a non-resident person; interest, royalties, know-how fees, technical assistance fees, management fees or rents for movable property, that are paid for a purpose which will promote or enhance the economic or technological development of Singapore; payments made by end users to non-residents for provision of information and digitised goods; royalty payments made to non-residents pertaining to certain types of software, provided certain conditions are met.

17- HOW ARE CALCULATED STOCKS OR INVENTORIES?

Singapore's Income Tax Act (ITA) is silent with regard to the basis to be adopted for the valuation of trading stock on a continuing business. For tax purposes, a method of valuation that conforms to the generally accepted accounting practice may be acceptable.

For the purposes of computing the gains/profits of a trade or business which has been discontinued or transferred, any trading stock belonging to the trade/business at the discontinuance or transfer is valued as follows:

- in the case of trading stock which is sold or transferred for valuable consideration to a person who carries on or intends to carry on a trade or business in Singapore, the value of the stock is taken to be the amount realised on the sale, or the value of the consideration given for the transfer, and the cost of the stock may be deducted by the purchaser as an expense in computing the profits of its trade or business;
- in the case of any other such trading stock, the value is the amount realised if it had been sold in the open market or transfer of the trade or business.

18- HOW ARE RESIDENT INDIVIDUALS TAXED?**Tax liability criteria**

Singapore taxation is imposed on a territorial basis. It is imposed on income accrued or derived from Singapore or received in Singapore from outside Singapore. Tax residence is one of the criteria in determining the extent of Singapore tax liability.

An individual is a tax resident of Singapore if:

- the individual resided in Singapore continuously in the years preceding the year of assessment, except for short periods;
- the individual is employed (other than as a director of a company) for not less than 183 days in the calendar year preceding the year of assessment.

Resident and non-resident taxpayers are subject to Singapore income tax on all income accrued or derived from Singapore. Foreign source income received directly by resident individuals after January 1, 2004 is tax free.

Some sources of income are exempt from Singapore tax:

1. interest derived from monies deposited in licensed Singaporean banks or Asian currency bonds;
2. short-term employment income (of 60 days or less), with the exception of executives or artists;
3. income from certain financial instruments that accrued in Singapore after January 1, 2004.

Tax rates

The resident individual income tax rates for the 2024 year of assessment are as follows (on 2023 income):

<i>Taxable income</i> \$S	<i>Gross tax payable</i> \$S
0 – 20,000	0
20,000 – 30,000	2% on the excess over S\$ 20,000
30,000 – 40,000	S\$ 200 + 3.5% on the excess over S\$ 30,000
40,000 – 80,000	S\$ 550 + 7% on the excess over S\$ 40,000
80,000 – 120,000	S\$ 3,350 + 11.5% on the excess over S\$ 80,000
120,000 – 160,000	S\$ 7,950 + 15% on the excess over S\$ 120,000
160,000 – 200,000	S\$ 13,950 + 18% on the excess over S\$ 160,000
200,000 – 240,000	S\$ 21,150 + 19% on the excess over S\$ 200,000
240,000 – 280,000	S\$ 28,750 + 19.5% on the excess over S\$ 240,000
280,000 – 320,000	S\$ 36,550 + 20% on the excess over S\$ 280,000
320,000 – 500,000	S\$ 44,550 + 22% on the excess over S\$ 320,000
500,000 – 1,000,000	S\$ 84,150 + 23% on the excess over S\$ 500,000
Over 1,000,000	S\$ 199,150 + 24%

From the 2017 income year, an overall cap of S\$80,000 applies as the total amount of relief an individual taxpayer can claim per year.

Main deductions and reliefs

Separate assessments are used as the default assessment mode. This means that a married person is sent an income tax return separately from their spouse. Each person is required to declare their income and claim for deductions, and be assessed separately.

A married individual can claim the full amount of spouse relief (S\$2,000) as long as their spouse's income is not more than S\$4,000 in a given calendar year. This relief is not available to individuals making alimony or maintenance payments to an ex-spouse.

Tax relief is provided for dependent family members: spouse, children, parents and relatives.

Qualifying child relief is available for all qualifying children, and parents can claim a deduction of S\$4,000 per child. A qualifying child is: a legitimate child, stepchild or legally adopted child, unmarried, under 16 years old or receiving full-time education at an educational institution or institution for the handicapped, and not receiving annual income of more than S\$4,000.

Parents of Singapore citizen babies can claim tax rebates in the year of assessment following the birth or adoption of a child. This rebate can be shared between both parents and there is no time limit for claiming the rebate.

The amount of the rebate is S\$5,000 for the first child, S\$10,000 for the second child and S\$20,000 for subsequent children. Unused rebate can be carried forward into subsequent tax years.

Working mothers can claim the working mother's child relief — tax relief of 15% to 25% of their earned income for all qualifying children.

Relief due to a taxpayer for the maintenance of their dependent parents, grandparents or great-grandparents (or those of their spouse) may be allowed up to a maximum of 2 such dependants for each individual.

Inheritance and gift tax

Estate duty was abolished in 2008. As a result, estate duty does not apply for deaths occurring on or after 15 February 2008. Prior to abolition, the estates of both domiciled and non-domiciled persons were liable to estate duty at the time of death and was payable on the value of property after the death of a person, after deductions were made for debts and funeral expenses.

Property included movable and immovable property situated in Singapore and the proceeds of sale thereof. If a deceased person was domiciled in Singapore at the time of death, the estate included movable property wherever located. Immovable property included real property, leaseholds and land on trust for sale, and movable property.

The first S\$12 million of the estate was taxed at 5%. The balance of the estate in excess of S\$12 million was taxed at 10%.

Pension, social security and national health policy

Singapore's Central Provident Fund (CPF) is a statutory saving scheme to provide for the old age retirement and medical needs of employees in Singapore. Both employers and their employees are required to contribute to this fund.

Contributions are compulsory for all Singapore citizens and permanent resident employees working in Singapore. Foreigners working in Singapore are not required to make contributions to CPF even if they are tax residents of Singapore.

The employee CPF contribution rate is also payable as a percentage of an employee's remuneration and is similarly subject to a maximum of S\$6,000,

19- HOW ARE FOREIGN INDIVIDUALS TAXED? WHEN ARE THEY CONSIDERED RESIDENT?

Tax liability criteria

An individual is deemed to be tax resident in Singapore if:

the individual, in the year preceding the year of assessment, resides in Singapore, with the exception of temporary absences

the individual is physically present or exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment.

Singapore taxation is imposed on a territorial basis.

A non-resident's employment income which is derived from Singapore is tax exempt if the non-resident is employed in Singapore for 60 days or less. This exemption does not apply to non-resident company directors, non-resident professionals who exercise a profession of an independent nature in Singapore or public entertainers.

Tax rates

Employment income (except directors' remuneration) is taxed at the 15% flat rate or the tax based on resident tax rates, whichever is the higher. With certain exceptions, short-term employment income from an employment exercised in Singapore for 60 days or less can be exempt from tax.

Public entertainers are subject to a flat rate of 15% on chargeable income from that source. There is no capital gains tax in Singapore. However, capital gains may be construed or deemed to be of an income nature and subject to income tax if they are derived from activities of a trade or business carried on in Singapore, in which case such income will be taxed at 24% for non-tax resident individuals.

It should also be noted that a 15% withholding tax will apply on the proceeds from any sale of real property where the seller is a non-resident real property trader.

Main deductions and reliefs

Non-residents are given the same options as residents for filing annual tax returns. However, personal reliefs are not available to non-residents.

Inheritance and gift tax

Estate duty was abolished in 2008. As a result, estate duty does not apply for deaths occurring on or after 15 February 2008. Prior to abolition, the estates of both domiciled and non-domiciled persons were liable to estate duty at the time of death and was payable on the value of property after the death of a person, after deductions were made for debts and funeral expenses.

Property included movable and immovable property situated in Singapore and the proceeds of sale thereof. If a deceased person was domiciled in Singapore at the time of death, the estate included movable property wherever located. Immovable property included real property, leaseholds and land on trust for sale, and movable property.

The first S\$12 million of the estate was taxed at 5%. The balance of the estate in excess of S\$12 million was taxed at 10%.

Pension, social security and national health policy

Singapore's Central Provident Fund (CPF) is a statutory saving scheme to provide for the old age retirement and medical needs of employees in Singapore. Both employers and their employees are required to contribute to this fund.

Contributions are compulsory for all Singapore citizens and permanent resident employees working in Singapore. Foreigners working in Singapore are not required to make contributions to CPF even if they are tax residents of Singapore.

The employee CPF contribution rate is also payable as a percentage of an employee's remuneration and is similarly subject to a maximum of S\$6,000,

20- TERMS FOR TAX PAYMENTS: THE FISCAL YEAR IN SINGAPORE

The tax year in Singapore goes from January 1st to December 31st and the tax is calculated on the previous year's income. Companies are generally required to submit an estimate of their chargeable income to the IRAS within 3 months of their accounting year end. The Singapore Comptroller of Income Tax issues a notice of assessment based on estimated chargeable income furnished by the taxpayer and the relevant tax payable must be paid either within one month from the date of the notice of assessment, or in up to 10 monthly instalments. Any tax arising from a difference between the estimated chargeable income and the actual chargeable income reported in the annual return must be paid within one month from the date of the notice of assessment.

In the event of late payments, a penalty that can reach a maximum of 12% is added to the tax to be paid.

21- WHAT TAX INSPECTIONS ARE MADE?

The Inland Revenue Authority of Singapore (IRAS) routinely undertakes tax audits on Singapore taxpayers and for that reason Income Tax Act (ITA) requires every taxpayer to keep proper accounting records, invoices, receipts, etc, for 5 years.

Tax returns are sent to the Tax Comptroller, whose powers are very wide, giving the power, where necessary, to call for information, examine books and documents, and to prevent a taxpayer from leaving the country.

Singapore's anti-avoidance legislation empowers the Tax Comptroller to disregard and to vary and make adjustments to certain arrangements which are carried out for the purpose of tax avoidance and not for bona fide commercial reasons.

22- CAN TAXPAYERS AGREE IN ADVANCE THEIR TAX TRATMENT?

An advance ruling system took effect in Singapore from 1 January 2006. A ruling is binding on the Comptroller. If a taxpayer disagrees with the ruling, it can choose to ignore it when preparing a tax return.

23- WHAT EXCHANGE CONTROLS ARE CARRIED OUT?

There are no exchange controls that limit the flow of funds into and out of Singapore.

24- WHAT TAX RELIEFS AND INCENTIVES ARE GRANTED BY THE SINGAPORE GOVERNMENT?

The Singapore Government grants a range of tax incentives to encourage investments and growth. In practice, these incentives are generally granted only to companies (including foreign subsidiaries) incorporated in Singapore, except in specific cases such as banks or financial institutions that are branches of a foreign company.

The application for these tax incentives is generally subject to the approval of the relevant government authorities

Many of Singapore's tax treaties contain a tax sparing article under which the foreign country gives a tax credit to the investor for the Singapore taxes waived so that the benefit of the tax incentives in Singapore is not lost to the foreign investor when the tax-free profits are repatriated to the home country

Tax incentives under Singapore's EEIA

Pioneer industries

Qualifying companies are exempt from income tax for a period of up to 15 years. The Minister for Finance is empowered to declare an industry, service or any product to be a pioneer industry, service or product. When granting approval, the Minister takes into account the following: When granting approval, the Minister takes into account product investment levels, skills employed and the type of technology employed. Dividends are also exempt.

Export of services

Where a company or firm is engaged in a qualifying service, the company or firm may apply in the prescribed form to the Minister for approval as an export service company or firm. Under this incentive, 90% of the incremental income over a determined base is exempt from tax. The tax relief period is 10 years from its commencement day, subject to further extensions not exceeding 5 years at any one extension.

Foreign loans for approved productive equipment

To encourage inward capital investment, the Minister for Finance may approve a foreign loan on which interest may be paid free of tax or at a lower withholding tax rate than the normal 15% withholding tax.

Royalties, fees and development contributions

Withholding tax on royalties, fees and development contributions made to non-residents may be exempted wholly or partially on application to the Minister for Finance, if the minister is satisfied that it is in the public interest. This tax concession is not applicable to royalties or payments received in respect of any work published in any newspaper or periodical or paid to an individual for professional services.

Overseas enterprise incentive

Singapore incorporated companies that are at least 50% owned by local investors are exempt from tax on income from approved overseas investments for up to 10 years. Any company incorporated and resident in Singapore wishing to expand its business by investing in an overseas company which is carrying out qualifying activities, or by directly carrying out certain

qualifying activities in an overseas project, is eligible to apply to the Minister for approval as an overseas enterprise.

Development and expansion incentive

Any company engaged in any qualifying activity may apply to the Minister for approval as a development and expansion company and be taxed at a concessionary rate, as low as 5%, for a period not exceeding 10 years, capped at a maximum total period of 40 years.

Investment allowances

An allowance of no more than 100% is granted to a company for expenditure incurred on plant, machinery and factory buildings for an approved project. The purpose of this incentive is to encourage investments in equipment that contribute to greater productivity, as well as to encourage investments in new technology.

Integrated investment allowance scheme

It was introduced in the Singapore 2012 Budget and will be effective until 31 December 2022.

Tax incentives under Singapore's ITA

Tax deduction for protecting intellectual property

It is available for intellectual property registration costs incurred between 1 January 2010 and 31 December 2024. To qualify for the tax deduction, the person who incurred the intellectual property registration costs must be legally registered in Singapore. From 1 January 2018 (YA 2019), a double deduction (200% of costs) is available for costs of up to S\$100,000.

Double deductions (expired)

Certain research and development activities approved by the Singapore Economic Development Board (SEDB) could qualify for double deduction until 31 March 2020. These activities included computer software development, information services, agrotechnological services, laboratory and testing services, medical research services, development and establishment of approved financial services and any other services or activities prescribed by the Minister.

Maritime sector incentive (MSI) scheme

The MSI scheme was introduced on 1 June 2011. Incentive schemes that existed before that date are subsumed within the 3 MSI categories: international shipping operations, maritime leasing and supporting shipping services.

This scheme is scheduled to end on 31 December 2026.

Gains from the disposal of vessels (including vessels under construction) and gains from new building contracts are automatically exempt from income tax for qualifying ship operators and ship lessors under the MSI scheme.

Approved venture companies

They may be exempt from tax or subject to tax at a concessionary rate of 10% or less. The tax incentive may be granted for an initial period of up to 10 years and may be extended. The total relief period is not permitted to exceed 15 years.

Not-for-profit organisations

Approved not-for-profit organisations (NPOs) are eligible for a tax exemption during the period from 15 February 2007 to 31 March 2027.

Global Trader Program (GTP)

Companies engaging in international trading of derivatives can qualify for 5% or 10% concessionary tax treatment on qualifying profits. Companies approved under the program on or before 31 December 2026 can receive the benefits up to 5 years subsequently.

Approved fund manager incentive

Fund managers are eligible to be taxed at the concessionary rate of 10% on fees and commissions derived from managing the funds of a foreign investor.

Incentives

Concessionary rates (from 5% to 12%) are applied to various types of financial institutions such as banks, fund managers and securities companies.

Multinationals that locate their finance and treasury operations in Singapore can be taxed at the concessionary rate of 8% on income earned.

Profits from offshore general insurance companies as well as from investments in the shipping sector are eligible for the concessionary rate of 10%.

There are also incentives for international aircraft operating lessors and investors.

Processing services

A qualifying processing services company (QPC) may be taxed at a concessionary rate of 5% on income derived from the provision of prescribed processing services in Singapore to any financial institution.

Land intensification allowance

Under the land intensification allowance (LIA) scheme, approved businesses can claim allowances on qualifying capital expenditure incurred for the construction of a qualifying building or structure. Businesses that qualify under the LIA scheme are granted an initial allowance of 25% and an annual allowance of 5% on qualifying capital expenditure. The LIA incentive is in place until 31 December 2025 and is administered by the Economic Development Board.

Mergers and acquisitions (M&A) allowance and stamp duty remission for qualifying M&A deals

The M&A allowance is granted to qualifying mergers and acquisitions executed by qualifying companies by 31 March 2021, and by global trading companies by 31 December 2026. The quantum of the allowance is 25% of the value of the acquisition, subject to a cap of S\$10 million.

Business and IPC partnership scheme (BIPS)

Businesses may apply a 250% tax deduction on qualifying expenditure incurred from sending their employees as volunteers to provide services to institutions of public character (IPCs), including secondments. The deduction is applicable for such expenses incurred between 1 July 2016 and 31 December 2023.

25- HAS SINGAPORE SIGNED BILATERAL TAX AGREEMENTS WITH OTHER COUNTRIES? TABLE OF WITHHOLDING TAXES

The following rates of Singapore withholding tax apply to non-resident entities:

	<i>Dividends</i> %	<i>Interest</i> %	<i>Royalties</i> %
<i>Non-treaty countries</i>	0	15	10
<i>Treaty countries</i>			
Albania	0	0/5	5
Armenia	0	0/5	5
Australia	0	10	10
Austria	0	0/5	5
Bahrain	0	0/5	5
Bangladesh	0	10	10
Barbados	0	0/12	8
Belarus	0	0/5	5
Belgium	0	0/5	3/5
Brazil	0	0/10/15	10
Brunei	0	0/5/10	10
Bulgaria	0	0/5	5
Cambodia	0	0/10	10
Canada	0	15	10
China	0	0/7/10	10

Cyprus	0	0/7/10	10
Czech Republic	0	0	5/10
Denmark	0	0/10	10
Ecuador	0	0/10	10
Egypt	0	0/15	10
Estonia	0	0/10	7.5
Ethiopia	0	5	5
Fiji	0	0/10	10
Finland	0	0/5	5
France	0	0/10	0
Georgia	0	0	0
Germany	0	0	5
Ghana	0	0/7	7
Guernsey	0	0/12	8
Hungary	0	0/5	5
India	0	10/15	10
Indonesia	0	0/10	8/10
Ireland	0	0/5	5
Isle of Man	0	0/12	8
Israel	0	0/7	5
Italy	0	0/12.5	10
Japan	0	0/10	10
Jersey	0	0/12	8
Jordan	0	0/5	5
Kazakhstan	0	0/10	10
Korea	0	0/10	10
Kuwait	0	0/7	10
Laos	0	0/5	5
Latvia	0	0/10	5
Libya	0	0/5	5
Liechtenstein	0	0/12	8
Lithuania	0	0/10	7.5
Luxembourg	0	0	7
Malaysia	0	0/10	8
Malta	0	0/7/10	10
Mauritius	0	0	0
Mexico	0	0/5/15	10
Mongolia	0	0/5/10	5
Morocco	0	0/10	10
Myanmar	0	0/8/10	10
Netherlands	0	0/10	0/10
New Zealand	0	0/10	5
Nigeria	0	0/7.5	7.5
Norway	0	0/7	7
Oman	0	0/7	8
Pakistan	0	12.5	10
Panama	0	0/5	5
Papua New Guinea	0	10	10
Philippines	0	0/15	10
Poland	0	0/5	2/5
Portugal	0	0/10	10
Qatar	0	0/5	10

Romania	0	0/5	5
Russia	0	0	5
Rwanda	0	0/10	10
San Marino	0	0/12	8
Saudi Arabia	0	5	8
Serbia	0	0/10	5/10
Seychelles	0	0/12	8
Slovakia	0	0	10
Slovenia	0	0/5	5
South Africa	0	0/7.5	5
Spain	0	0/5	5
Sri Lanka	0	0/10	10
Sweden	0	10/15	0
Switzerland	0	0/5	5
Taiwan	0	15	10
Thailandia	0	0/10/15	5/8/10
Tunisia	0	0/5/10	0/10
Turkey	0	0/7.5/10	10
Turkmenistan	0	0/10	10
Ukraine	0	0/10	7.5
United Arab Emirates	0	0	0
United Kingdom	0	0/5	8
Uruguay	0	0/10	5/10
Uzbekistan	0	5	8
Vietnam	0	0/10	5/10

Singapore has signed TIEAs (based on the OECD model convention) with Bermuda and the United States.