

SINGAPORE

AUDIT. TAX. ADVISORY.

SINGAPORE TAX FACTS 2015

INDIVIDUAL INCOME TAX
CORPORATE INCOME TAX
WITHHOLDING TAXES
GOODS AND SERVICES TAX
STAMP DUTY

INDIVIDUAL INCOME TAX

BASIS OF TAXATION

Singapore operates on a territorial basis of assessment. Only Singapore-sourced income, which is accrued in or derived from Singapore, is taxable in Singapore.

Employment income, which includes salaries, bonuses, allowances, perquisites and benefits in kind, is taxable in Singapore if the employment is exercised, or deemed to be exercised in Singapore. Generally, this is regardless of who the legal employer is, who makes the payment, where the income is received or where the contract is concluded. If the employee is required to travel overseas pursuant to his/her Singapore duties, his/her overseas business trips would be considered as incidental to his/her Singapore employment.

RESIDENCE STATUS

An individual is resident in Singapore if he:

- resides in Singapore, except for temporary absences; or
- is physically present or exercises an employment (other than as a director of a company) in Singapore for 183 days or more during a calendar year.

As an administrative concession, an individual will also be treated as resident in Singapore if he:

- stays or works in Singapore for a consecutive period spanning three calendar years (not necessarily three complete calendar years); or
- stays or works in Singapore for a continuous period of at least 183 days spanning two calendar years.

Physical Presence / Employment Period in Singapore (Calendar Year Basis)	Resident Status
60 days or less [#]	Non-Resident
More than 60 days but less than 183 days	Non-Resident
183 days or more	Resident
At least 183 days for a continuous period over two years	Resident for both years
Covers three consecutive years	Resident for all three years

[#]Does not include a director of a company, a public entertainer or a professional.

RESIDENT INDIVIDUAL TAX RATES

Chargeable Income (SGD)	Years of Assessment 2015 and 2016 (%)	Year of Assessment 2017 (%)
0 - 20,000	0.0	0.0
20,001 - 30,000	2.0	2.0
30,001 - 40,000	3.5	3.5
40,001 - 80,000	7.0	7.0
80,001 - 120,000	11.5	11.5
120,001 - 160,000	15.0	15.0
160,001 - 200,000	17.0	18.0
200,001 - 240,000	18.0	19.0
240,001 - 280,000	18.0	19.5
280,001 - 320,000	18.0	20.0
Above 320,000	20.0	22.0

NON-RESIDENT INDIVIDUAL TAX RATES

Types of Income	Rate (%)
Employment income	Higher of 15% or resident rate
Director's fees, consultation fees & other Singapore-sourced income	20

Note: Singapore adopts a preceding year basis of assessment and income tax for a year of assessment (YA) is payable on the income derived in the calendar year immediately preceding the YA.

NOT ORDINARILY RESIDENT (NOR) SCHEME

A qualifying individual would enjoy the NOR status for a five-year period if he/she:

- has not been a Singapore tax resident in the three YsA preceding the YA in which he/she first qualifies for the NOR status; and
- is a Singapore tax resident for the YA in which he/she first qualifies for the NOR status.

An NOR taxpayer can enjoy the following tax concessions in any YA during the five-year qualifying period only if he/she is a

resident by virtue of section 2(1) of the Singapore Income Tax Act (SITA) (subject to prescribed conditions and capping limits):

- time apportionment of Singapore employment income (w.e.f. YA 2009, this includes leave passage, commuted leave and benefits-in-kind, but excludes director's fees and any Singapore income tax borne directly or indirectly by the employer);
- tax exemption of employer's contributions to non-mandatory overseas social security schemes/pension funds.

INCOME TAX RELIEFS

Income Tax Relief	Description	YA 2015
Normal / Handicapped Earned Income Relief	<ul style="list-style-type: none"> • Below 55 years old • 55 - 59 years old • 60 years old and above 	\$1,000 / \$4,000 \$6,000 / \$10,000 \$8,000 / \$12,000
Spouse / Handicapped Spouse Relief		\$2,000 / \$5,500
Qualifying Child / Handicapped Child Relief (QCR / HCR)		\$4,000 / \$7,500 each
Working Mother's Child Relief (WMCR)	<ul style="list-style-type: none"> • First child • Second child • Third child and beyond • Maximum per child (QCR/HCR + WMCR) • Maximum total WMCR (capped) 	15% of mother's earned income 20% of mother's earned income 25% of mother's earned income \$50,000 100% of mother's earned income
Personal Income Tax Rebate		50% of net tax payable (capped at \$1,000)
Parenthood Tax Rebate	<ul style="list-style-type: none"> • First child born in 2007 and before / from 2008 onwards • Second child • Third and fourth child • Fifth child and beyond born in 2007 and before / from 2008 onwards 	\$0 / \$5,000 each \$0 / \$10,000 each \$20,000 each \$0 / \$20,000 each

INCOME TAX RELIEFS (CONT.)

Income Tax Relief	Description	YA 2015
Parent / Handicapped Parent Relief	<ul style="list-style-type: none"> Staying with taxpayer Not staying with taxpayer 	\$9,000 / \$14,000 each \$5,500 / \$10,000 each
Grandparent Caregiver Relief	<ul style="list-style-type: none"> One parent, grandparent, parent-in-law, or grandparent-in-law 	\$3,000
Handicapped Brother or Sister Relief	<ul style="list-style-type: none"> Handicapped sibling or sibling-in-law 	\$5,500 each
Central Provident Fund (CPF) and Life Insurance Relief	<ul style="list-style-type: none"> Compulsory employee CPF - subject to monthly Ordinary Wage (OW) cap of \$5,000 and annual OW and Additional Wage (AW) cap of \$85,000 Voluntary CPF - subject to annual cap of \$30,600 Life Insurance Premiums for sole proprietors / self-employed[^] CPF cash top-up to Retirement Account or Special Account <ul style="list-style-type: none"> by self or employer by self to spouse, siblings, parents, parents-in-law, grandparents and grandparents-in-law Voluntary cash contribution specifically directed to Medisave Account 	Full statutory amount 36% of net trade income Maximum \$5,000 Maximum \$14,000 - Maximum \$7,000 - Maximum \$7,000 Maximum \$30,600 less mandatory employer and employee CPF
Course Fees Relief	<ul style="list-style-type: none"> Insured by self and not paid or reimbursed by employer or any other organisation 	Actual incurred up to a maximum of \$5,500
Foreign Maid Levy Relief	Twice the amount of levy paid for one maid by female taxpayer or her husband <ul style="list-style-type: none"> Without foreign domestic worker levy concession With foreign domestic worker levy concession 	Maximum \$6,360 Maximum \$2,880
NSman relief	<ul style="list-style-type: none"> Active NSman Inactive NSman Wife of NSman Each parent of NSman Active / Inactive NS key appointment holders 	\$3,000 \$1,500 \$750 \$750 \$5,000 / \$3,500
Supplementary Retirement Scheme (SRS) Relief	<ul style="list-style-type: none"> Singapore citizen / Singapore permanent resident (SPR) Foreigner 	15% of contributions (maximum \$12,750)* 35% of contributions (maximum \$29,750)*

[^] Where compulsory employee CPF contribution is less than \$5,000, taxpayer can claim up to 7% of the insured value of his own / his wife's life, or the amount of life insurance premiums paid, whichever is lower as deduction; however, the total deduction (i.e. CPF contribution and life insurance together) is subject to a maximum of \$5,000.

*Similar to CPF, SRS contributions are subject to an annual absolute income base of \$85,000 and will increase to \$102,000 with effect from YA 2017 (i.e. maximum relief of \$15,300 and \$35,700 for Singaporean/SPR and Foreigner respectively)

CORPORATE TAX

BASIS OF TAXATION

Under the SITA, a company is liable to pay tax on income accrued in or derived from Singapore or income received/deemed received in Singapore from outside Singapore in respect of:

- gains or profits from any trade or business;
- income from investment such as dividends, interest and rental;
- royalties, premiums and any other profits from property;
- other gains of an income nature.

A company is resident in Singapore if the control and management of its business is exercised in Singapore.

A resident company is entitled to the benefits conferred under the Avoidance of Double Taxation Agreements that Singapore has concluded with treaty countries.

FOREIGN-SOURCED DIVIDENDS, BRANCH PROFITS & SERVICE INCOME

A Singapore-resident company can enjoy tax exemption from its foreign-sourced dividends, foreign branch profits, and foreign-sourced service income that is remitted/deemed remitted into Singapore if the following conditions are met:

- The headline tax rate of the foreign country from which income is received is at least 15%;
- The income had been subjected to tax in the foreign country from which it is received; and
- The Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

CAPITAL GAINS TAX

There is no capital gains tax in Singapore.

Gains from disposal of shares in a company could be trade or capital in nature depending on the facts and circumstances of each case. To provide greater upfront certainty on the tax treatment on disposal of equity investments by companies, share disposal gains will not be taxed in the following scenarios ("safe harbour rule"):

- a. The divesting company holds a minimum shareholding of 20% of the ordinary shares in the company whose shares are being disposed of; and
- b. The divesting company maintains a minimum of 20% shareholding for a minimum period of 24 months prior to the disposal.

For share disposals in other scenarios, the tax treatment of the gains/losses arising from share disposals will continue to be determined based on consideration of the facts and circumstances of the case.

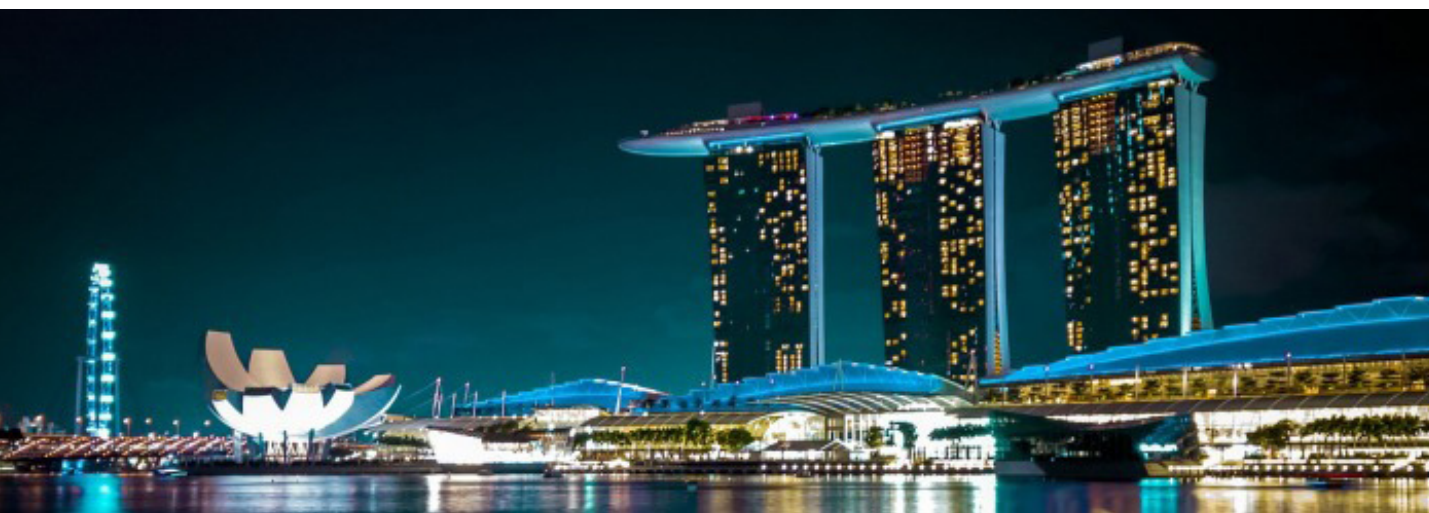
The safe harbour rule is applicable to disposals of shares made on or after 1 June 2012. The scheme will be reviewed after five years.

DEDUCTIONS - EXPENSES

The general rule is that only expenses that are wholly and exclusively incurred in earning the income of the business are deductible. Expenses that are capital or private in nature are not deductible.

DEDUCTIONS - CAPITAL ALLOWANCES

Depreciation of capital assets charged in the accounts of a business is not an allowable deduction in calculating chargeable profits but is replaced by capital allowances at rates based on the law.



CORPORATE TAX RATES

	YA 2015
Standard rate	17%
Corporate income tax rebate	30% (maximum \$30,000 [#] per YA)
Partial tax exemption:	
• First \$10,000 of chargeable income	75% exemption
• Next \$290,000 of chargeable income	50% exemption
Full tax exemption for new start-up companies that meet certain conditions*:	
• First \$100,000 of chargeable income	100% exemption
• Next \$200,000 of chargeable income	50% exemption

[#] The Corporate Income Tax Rebate will be capped at \$20,000 per YA for YA 2016 and YA 2017.

* To qualify for the tax exemption, a qualifying company must (a) be a company incorporated in Singapore; (b) be a tax resident in Singapore for that YA; (c) have no more than 20 shareholders throughout the basis period relating to that YA where: (i) all of the shareholders are individuals beneficially holding the shares in their own names; OR (ii) at least one shareholder is an individual beneficially holding at least 10% of the issued ordinary shares of the company. The full tax exemption scheme is also extended to companies limited by guarantee, subject to the same conditions imposed on companies limited by shares. However, investment holding companies and property developers are not eligible for the start-up exemption if set-up after 26 February 2013.

WITHHOLDING TAX RATES FOR PAYMENTS MADE TO NON-RESIDENTS

Nature of Income	YA 2015
Interest	15%*
Royalty	10%*
Rent on movable properties	15%*
Technical assistance and service fees	Prevailing Corporate Tax Rate [^]
Management fees	Prevailing Corporate Tax Rate [^]
Charter fees for ship	0%
Charter fees for aircraft	0% - 2%
Directors' remuneration	20%
Proceeds from sale of any real property by a non-resident property trader	15%

* These withholding tax rates apply when the income is not derived by the non-resident person through its operations carried out in Singapore. They are to be applied on the gross payment and the resultant tax payable is a final tax. For operations carried out in Singapore, the tax rates applicable on the gross payment are as follows:

- Non-resident person (other than individuals) : Prevailing corporate tax rate
- Non-resident individuals : 20%

[^] If the year in which the services were rendered is different from the year of payment, the withholding tax is to be based on the prevailing corporate tax rate for the year where the services were rendered.

Where a double tax agreement is applicable, the rates specified in the agreements with the respective countries would apply.

FILING DATES

Income tax returns (Form C)	30 November
Withholding tax returns	15th of the second month following payment (or deemed payment)
GST returns (GST F5)	One month after the end of prescribed accounting period. The prescribed accounting period can be three months (standard) or one month (optional)
Stamp duty	<ul style="list-style-type: none"> • Document signed in Singapore: 14 days from date of execution • Document signed overseas: 30 days from receipt of the document in Singapore
Property tax	Property tax is payable in advance by 31 January of each year unless GIRO instalments apply (generally no returns are required to be filed)

OTHER TAXES

GOODS AND SERVICES TAX (GST)

Types of Supply	Rate
On supply of goods and services in Singapore	7%
Export of goods and provision of international services	0%
Certain financial services, sales and lease of residential land and buildings	Exempt
Private transactions, third country sales (sales outside Singapore), sales made within Free Trade Zone and Zero GST warehouse	Out of scope

STAMP DUTY (SELECTED TRANSACTIONS)

	Rate
Sale and purchase of shares Higher of consideration or net asset value	0.2%
Sale and purchase of immovable property	
A. Buyer's Stamp Duty	
First \$180,000 of purchase price or market value (whichever is higher)	1%
Next \$180,000 of purchase price or market value (whichever is higher)	2%
For further amounts	3%
B. Additional Buyer's Stamp Duty Foreigners and non-individuals buying any residential property including residential land	15%*
C. Buyer's Stamp Duty	
Residential properties purchased on or after 14 January 2011 and disposed of within one/two/three/four years of purchase	16%/12%/8%/4%
Industrial properties purchased on or after 12 January 2013 and disposed of within one/two/three years of purchase	15%/10%/5%
Lease of immovable property (with effect from 22 February 2014)	
Average Annual Rent (AAR) of \$1,000 or less	Exempted
AAR is more than \$1,000 and has a term:	
• Four years or less	0.4% of total rent for the lease period
• More than four years or for any indefinite term	0.4% of 4 times the AAR for the lease period

* Additional Buyer's Stamp Duty for Singapore citizens and permanent residents is not reflected in this table.

Note: The higher of the average annual contractual or annualised market rents, including other considerations e.g. payment for furniture & fittings, maintenance fee & conservancy charges etc.

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