

SINGAPORE

AUDIT. TAX. ADVISORY.

SINGAPORE TAX FACTS 2017

INDIVIDUAL INCOME TAX
CORPORATE INCOME TAX
WITHHOLDING TAXES
GOODS AND SERVICES TAX
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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 |

#Short term employment income is exempt from tax. This does not include a director of a company, public entertainer or a professional.

RESIDENT INDIVIDUAL TAX RATES

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

*For Year of Assessment 2017, a Personal Tax Rebate of 20% of tax payable; up to maximum of \$500 is granted to tax residents.

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 | 22% |

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 YAs 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), and subject to fulfilling prescribed conditions/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); and/or
- tax exemption of employer's contributions to non-mandatory overseas social security schemes/pension funds.**

** This tax concession is not applicable to employees of:

- an investment holding company
- a tax-exempt body
- a representative office
- a foreign company not registered in Singapore, or
- a service company that adopts the 'cost plus markup' (CM) basis of tax assessment

INCOME TAX RELIEFS/REBATE

| Year of Assessment (YA) | YA 2017 | |
|---|--------------------------------------|-------------|
| 1. Earned Income Relief | Normal | Handicapped |
| Below 55 years old | \$1,000 | \$4,000 |
| 55 - 59 years old | \$6,000 | \$10,000 |
| 60 years and above | \$8,000 | \$12,000 |
| 2. Spouse / Handicapped Spouse Relief | Normal | Handicapped |
| Spouse Relief | \$2,000 | |
| Handicapped Spouse Relief | | \$5,500 |
| 3. Child Relief | Normal | Handicapped |
| Qualifying Child Relief (QCR) each: | | |
| 1st, 2nd, 3rd, 4th, 5th child and beyond | \$4,000 | |
| Handicapped Child Relief (HCR) | | \$7,500 |
| 4. Working Mother's Child Relief (WMCR)* # | | |
| Birth Order: | Amount of Relief: | |
| 1st child | 15% of earned income | |
| 2nd child | 20% of earned income | |
| 3rd child and beyond (each) | 25% of earned income | |
| Maximum per child (WMCR + QCR/HCR) | \$50,000 | |
| Maximum total WMCR (capped) | 100% if mother's earned income | |
| 5. Dependent Parent Relief | | |
| Normal Parent Relief | \$5,500 (not staying with taxpayer) | |
| | \$9,000 (staying with taxpayer) | |
| Handicapped Parent Relief | \$10,000 (not staying with taxpayer) | |
| | \$14,000 (staying with taxpayer) | |
| 6. Dependent Sibling Relief | | |
| Handicapped Sibling Relief | \$5,500 | |
| 7. Grandparent Caregiver Relief (GCR)* | | |
| | \$3,000 | |

| Year of Assessment (YA) | YA 2017 |
|---|---|
| 8. Central Provident Fund (CPF)^ Relief | |
| CPF contribution for employees (based on age band) | Full statutory employee CPF contribution, subject to annual income cap of \$102,000 (\$6,000 x 17 months) |
| CPF contribution for self-employed | Maximum \$37,740, i.e. 37% of net trade income ceiling at \$102,000 |
| Voluntary cash contribution specifically directed to Medisave Account (MA) | The lowest of the following: <ol style="list-style-type: none"> 1. Voluntary cash contribution directed specifically to MA; or 2. Annual CPF contribution cap of \$37,740, less mandatory contribution; or 3. Prevailing Basic Healthcare Sum, less the balance in MA before voluntary cash contribution |
| 9. CPF Cash Top-up Relief | |
| CPF cash top-ups for self/parents/grandparents/non-working spouse/siblings | Maximum \$14,000 (\$7,000 for self and \$7,000 for family members) |
| 10. Life Insurance Premium Relief | |
| Where total compulsory employee CPF contribution or self-employed Medisave/Voluntary CPF contribution or both is less than \$5,000, taxpayer may claim qualifying life insurance premiums (i.e. not more than 7% of the insured value) on his or his wife's life as a relief, subject to a maximum of \$5,000 (including the aforementioned CPF contribution) | |
| 11. Course Fees Relief | |
| | Maximum \$5,500 |
| 12. Foreign Maid Levy Relief# | |
| | Twice levy paid for 1 maid only (Maximum \$6,360, or \$1,440) |

| Year of Assessment (YA) | YA 2017 | |
|--|--|---------------------------------|
| 13. NSman Relief[^] | | |
| Active NSman | \$3,000 | |
| Inactive NSman | \$1,500 | |
| NSman key command and staff appointment holders | \$2,000 | |
| ^This relief will be given in addition to basic NSman relief (active/inactive) above | | |
| 14. Wife/Parent of NSman Relief[^] | | |
| Wife of NSman | \$750 | |
| Parent of NSman | \$750 | |
| 15. Supplementary Retirement Scheme (SRS) | | |
| The relief allowed is the actual SRS contribution made by taxpayer and/or employer: | | |
| Singapore citizens and Singapore Permanent Residents (SPRs) | Maximum of \$15,300 (i.e. 15% of \$102,000) | |
| Foreigners | Maximum of \$35,700 (i.e. 35% of \$102,000) | |
| Total Annual Reliefs' Cap | | |
| \$80,000 with effect from YA 2018 | | |
| Parenthood Tax Rebate (PTR)* | For child born in 2004 to 2007 | For child born in or after 2008 |
| | To be offset against either or both your and your spouse's income tax: | |
| 1st child | \$0 | \$5,000 |
| 2nd child | \$10,000 | \$10,000 |
| 3rd child | \$20,000 | \$20,000 |
| 4th child | \$20,000 | \$20,000 |
| 5th child and beyond (each) | \$0 | \$20,000 |

Note on key eligibility criteria: -

* For a child, who is a Singapore citizen, only

For female taxpayers only

^ For Singapore citizens and SPRs only

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 if the following conditions are met ("safe harbour rule"):

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

If the conditions are not met, 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 ordinary shares made from 1 June 2012 to 31 May 2022.

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

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



CORPORATE TAX RATES

| | YA 2017 |
|--|---------------------------------|
| Standard rate | 17% |
| Corporate income tax rebate | 50% (Maximum \$25,000#) |
| Partial tax exemption: <ul style="list-style-type: none"> • First \$10,000 of chargeable income • Next \$290,000 of chargeable income | 75% exemption 50% exemption |
| Full tax exemption for new start-up companies that meet certain conditions*: <ul style="list-style-type: none"> • First \$100,000 of chargeable income • Next \$200,000 of chargeable income | 100% exemption 50% exemption |

Available for YA 2017 only.

* 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 and directly holding the shares in their own names; OR (ii) at least one shareholder is an individual beneficially and directly 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 set-up after 26 February 2013 are not eligible for the start-up exemption.

WITHHOLDING TAX RATES FOR PAYMENTS MADE TO NON-RESIDENTS

| Nature of Income | YA 2017 |
|---|-------------------------------|
| 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 aircraft | 0% - 2% |
| Directors' remuneration | 22% |
| 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.

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 (paper filing)/15 December (electronic filing) |
| 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) |
| Personal tax | 15 April (paper filing)/18 April (electronic filing) |

OTHER TAXES

GOODS AND SERVICES TAX (GST)

| Types of Supply | Rate |
|---|--------------|
| On importation of goods and most local supplies of goods and services in Singapore | 7% |
| Export of goods and provision of "international services" as defined under section 21(3) of the GST Act | 0% |
| Certain financial services, sales and lease of residential land and buildings, and the import and local supply of investment precious metals | Exempt |
| Private transactions, third country sales (sales of goods outside Singapore), sales of overseas goods made within Free Trade Zone and Zero GST/licensed warehouse | Out of scope |

STAMP DUTY (SELECTED TRANSACTIONS)

| | Rate |
|---|--|
| Sale and purchase of shares Higher of consideration or market | 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%* |
| Additional Conveyance Duties on Residential Property Holding Entities | 15%** |
| C. Seller's Stamp Duty | |
| Residential properties purchased on or after 14 January 2011 till 10 March 2017 and disposed of within one/two/three/four years of purchase | 16%/12%/8%/4% |
| Residential properties purchased on and after 11 March 2017 and disposed of within one/two/three years of purchase | 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% |
| Additional Conveyance Duties on Residential Property Holding Entities | 12%** |
| 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.

** Effective 11 March 2017

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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