



# Singapore 2009 Budget Commentary

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## Executive Summary

In times when global economies are in one of the worst recession ever seen in generations, the Singapore Budget for 2009 has demonstrated the willingness and the ability of the Government to act boldly in these extraordinary times.

Dipping into national reserves, the Resilience Package, introduction of tax incentives and infrastructure spending introduced by the Finance Minister aim to assist Singaporeans see through this period of exceptional difficulty and keep viable businesses afloat. These measures would not only help in the short term but also in the long term by enhancing the capabilities and competitiveness of Singapore so that it can emerge with strength when the global economy recovers.

The Jobs Credit Scheme and the Special Risk Sharing Initiative are welcome as it would encourage businesses to keep jobs as well as ensure that viable companies have access to credit to sustain their operations.

The reduction in the Corporate Tax rate by a percentage point from 18 to 17 was surprising, though it would assist in maintaining Singapore's competitive edge. However, the personal tax rates being unchanged did disappoint. The loss carry back relief was required and was welcome. The fund management regulations being relaxed for allowing funds to flow in freely from Singapore based investors along with the ability to claim input GST would give Singapore fund management industry a significant competitive edge.

Enhanced public sector infrastructure spending would assist in sustainable development and creation of public sector jobs would build up capabilities and strengthen quality.

The Budget 2009 is a bold step, but in the right direction and is aimed at providing stability in difficult times. As the Finance Minister said, "the Resilience Package" as it is called "will not get us out of the recession, but will help avert an even sharper downturn, and more lasting damage to the economy".

## Corporate Tax Changes

### Corporate Tax Rates

As a further step to strengthen Singapore's competitiveness, the corporate income tax rate will be reduced from 18% to 17% with effect from Year of Assessment 2010. This 1% corporate income tax rate reduction will mean that a company with \$300,000 of chargeable income will be taxed at an effective rate of 8.36%.

The corporate tax rate of 17% will apply to corporates, trustees (other than trustees of incapacitated persons) and executors and the computation of the effective company tax rate for a body of persons.

Please see Appendix 1 on the comparison of corporate and personal tax rates in selected countries.

It would be good that the Government could also review the incentive offerings with concessionary tax rates ranging from 0% to 15%, since the 15% concessionary tax rate will no longer be an attractive incentive proposition.

With the 3% rate difference between the corporate tax rate of 17% and the top marginal personal income tax rate of 20%, self-employed individuals may find it more attractive to corporatise their businesses depending on their level of income and the additional costs of operating a company.

### Expansion of Scope of Foreign-Sourced Income Exemption (FSIE)

Currently, foreign sourced income of resident non-individuals and resident (individual) partners of partnerships, received or deemed to be received in Singapore is taxable, unless specifically exempt.

Under the FSIE, foreign-sourced dividends, foreign branch profits and foreign-sourced service income received in Singapore by any resident non-individual or any individual resident in Singapore through a partnership in Singapore are exempt from tax provided the following conditions are met:

a. In the year the income is received in Singapore, the headline tax rate (i.e. the highest corporate tax rate of the foreign jurisdiction; it need not be the actual rate of tax imposed on the foreign income) of the foreign jurisdiction from which the income is received is at least 15%;

b. The specified foreign income must have been subject to tax (i.e. tax must have been paid or is to be paid and does not include deferred tax) in the foreign jurisdiction from which they were received. The IRAS has clarified that foreign-sourced income would be considered to have met the "subject to tax" requirement if the income is exempted from tax in the foreign jurisdiction as a direct consequence of that foreign jurisdiction granting a tax incentive for carrying out substantive business activities in that jurisdiction; and

c. The IRAS is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

With effect from 22 January 2009, resident non-individuals and resident partners of partnerships in Singapore will be exempted from tax on all foreign-sourced income earned or accrued outside Singapore on or before 21 January 2009, if they remit their foreign-sourced income to Singapore during the period 22 January 2009 to 21 January 2010 (both dates inclusive). In other words, any income that is currently generated offshore will not get to enjoy this exemption when remitted to Singapore. Hence, taxpayers should consider appropriate measures to identify and track their offshore income that accrues from 22 January 2009.

In addition, the conditions currently required for the foreign-sourced income exemption as set under the FSIE will be temporarily lifted.

The expansion of the scope of foreign-sourced income exemption would allow the expeditious remittance of foreign-sourced income to Singapore during the one-year window period to meet the financing needs of business in Singapore

The IRAS would release further details by April 2009. However, it may be prudent for businesses to wait for the details of the proposed change to be released before remitting their foreign-sourced income.

### Framework for facilitating Corporate Amalgamations

Generally, in an amalgamation, two or more Singapore companies (the amalgamating companies) can amalgamate and continue as one company (the amalgamated company), which can be either one of the amalgamating companies or a new company. On amalgamation, the old companies cease to exist.

The existing tax position on corporate amalgamations does not take full consideration of the updated provisions of the Companies Act governing corporate amalgamations. Currently, the position taken by the IRAS on corporate amalgamations is to treat the assets and liabilities of the transferor to have been disposed of even though no such transfer has been recognized. As a result, balancing adjustments need to be made for assets where capital allowances have been claimed and trade debts of the amalgamating companies that become bad or doubtful after the amalgamation cannot be allowed. In addition, unutilised capital allowances and trade losses of the amalgamating companies are foregone and the amalgamated company will not automatically take over the tax benefits or incentives enjoyed by the amalgamating company.

While there are certain provisions in the Income Tax Act (ITA) that allow for the tax free transfers of certain assets between related companies (Election of Section 24 of the ITA), the amalgamation between Singapore companies would often result in additional tax costs for the amalgamating companies such as the deductibility of financing costs and other costs relating to an amalgamation.

To make it easier for companies to restructure, a new tax framework for qualifying amalgamations would be introduced to minimise the tax consequences where the amalgamated company takes over all the assets and liabilities of the amalgamating companies and the amalgamating companies cease to exist. It is hoped that the proposed tax framework will also address the abovementioned issues.

The new tax framework would also likely to reduce tax compliance costs such as to seek advance rulings from the IRAS on the specific tax treatment of business combinations and provide greater certainty to taxpayers under corporate group restructuring.

The IRAS would release details of the new tax framework for public consultation in February 2009.

### **Enhancement of Loss Carry Back Relief Scheme**

The loss carry-back relief ("CBR") scheme was first introduced in YA 2006 with the objective of providing relief for small businesses to ease their cash flow problems.

Under the current CBR system, any person carrying on a trade, business, profession or vocation may carry back

its current year unabsorbed capital allowances and trade losses (collectively referred to as "qualifying deductions") up to S\$100,000, to set-off against his assessable income (or that of his spouse) of the immediate preceding Year of Assessment (YA). The CBR is subject to meeting the substantial shareholding test (in the case of a company) and the same business test.

The CBR system will be temporarily enhanced for the YA 2009 and 2010 as follows:

- a. The maximum amount of qualifying deductions that may be carried back from each YA will be increased from S\$100,000 to S\$200,000;
- b. The maximum number of YAs to which the qualifying deductions may be carried back will be increased from 1 YA to 3 YAs.

For the purpose of carrying back qualifying deductions for YAs 2009 and 2010, the carry-back is given on due claim and shall be made in the following order:

- a. Firstly, to the third YA immediately preceding the YA of loss
- b. Secondly, where there are qualifying deductions remaining after (a), the balance will be carried back to the second YA immediately preceding the YA of loss
- c. Finally, where there are qualifying deductions remaining after (b) above, the balance will be carried back to the YA immediately preceding the YA of loss.

Where the condition of the same business test is met, taxpayers may consider accelerating their capital allowance claims in order to maximise the amount of current year unutilised capital allowances available for carry back.

To ease businesses' cash flow in the current economic downturn, the IRAS will allow provisional claims for the tax refund to be based on estimated losses (instead of waiting for the finalization of their chargeable income and assessments).



### Enhancement to existing Capital Allowances Regime

Currently, capital expenditure incurred for plant and machinery for the purposes of a trade, profession or business are granted capital allowances write-off of over 3 years.

To ease the burden of businesses in this economic upheaval period, the Government proposed to lend support to businesses by accelerating the write down on the costs of plants and machinery acquired in the basis periods for the Years of Assessment 2010 and 2011 within two years as follows:-

- 75% of cost written-off in the first year of acquisition, with
- The remaining 25% to be written-off in the second year.

This new accelerated capital allowance will reduce the tax exposure of businesses that are in a tax paying position. In the case of those who are in a tax loss position, it could be possible to take advantage of the enhanced loss carry back relief scheme provided the substantial shareholdings test and the same business test are complied with accordingly.

### Enhancement of Tax Deduction for Capital Expenditure incurred on Renovation and Refurbishment

To assist businesses ease their cash-flow pressures during the economic downturn, the Government also proposed a 1-year write-off on the qualified renovation and refurbishment incurred in the basis periods for the Years of Assessment 2010 and 2011 instead of the existing provision of writing off over 3 years. The cap of S\$150,000 for every 3 years though remains unchanged.

It is hoped that the enhancement will encourage businesses to carry out renovation and refurbishment at their business premises during this year and the next.

### Accelerated Writing Down Allowances (WDA) for acquisition of Intellectual Property (IP) Rights for Media and Digital Entertainment (MDE) content.

Currently, a 5-year writing down allowance is allowed for all genres of intellectual property acquired by company or partnership where both the legal and economic ownership belong to the respective company or partnership.

Where only the economic ownership is acquired, approval has to be obtained from the Economic Development Board (EDB) for the writing down allowance claim to be approved.

From 22 January 2009, the Government proposes to allow the writing down period for qualifying intellectual property containing MDE content and which are acquired by MDE Company to be reduced from the 5-year write off to 2-year write off. This benefit is available for qualifying IP rights for MDE content acquired by 31 October, 2013.

However, approval needs to be obtained from EDB for the accelerated WDA on IP rights for MDE contents for all instances, even where both economic and legal ownership of the IP rights for MDE content are acquired.

It is hoped that the concession will assist businesses to exploit their IP rights from Singapore and hence to boost Singapore's image as an attractive intellectual property hub.



## Incentives

### Enhancement of Fund Management Incentives

Currently, specified income derived by qualifying funds from designated investments is tax exempt under the existing fund management tax incentives. A qualifying fund can be in the form of companies, trusts or individual accounts.

Currently, where a qualifying fund is in the form of a company or a trust, the qualifying fund must not be 100%

beneficially owned by resident investors. In addition, resident non-individual investors of a qualifying fund are subject to a 30% or 50% investment limit, as the case may be depending on the number of investors in the fund. A breach of this limit would subject resident non-individual investors to a financial penalty.

Moreover, under the existing tax incentives, where the fund vehicle is a Limited Partnership, the incentive conditions are to be applied on each partner, to determine if they qualify for the tax incentives.

Based on the existing incentives, resident corporates are inadvertently discouraged from having funds managed from Singapore. Hence, a New Enhanced Tier will be introduced to reinforce Singapore's position as a leading Asian hub in the Fund management business.

This Enhanced Tier will be applicable to the existing fund management incentives for funds with a minimum fund size of S\$50 million at the point of application amongst other conditions, with effect from 1 April 2009 to 31 March 2014 (both dates inclusive). Under the Enhanced Tier, there will be no restrictions imposed on the residency status of the fund vehicles as well as that of investors. The Enhanced Tier will also apply to funds that are constituted in the form of Limited Partnerships i.e. there will no longer be a need to look through to the partners' level to apply the incentive conditions. The 30% or 50% investment limit imposed on resident non-individual investors will also be lifted for funds that come under the Enhanced Tier.

Fund managers interested in the Enhanced Tier for their funds may apply to MAS for approval.

A sunset clause will also be introduced for the Enhanced Tier as well as the existing fund management incentives at the incentive scheme level. Both incentives will expire on 31 March 2014. All funds that are on the scheme on or before 31 March 2014 will continue to enjoy the tax exemption after 31 March 2014, subject to them continuing to meet the scheme conditions.

The above proposed scheme would make it easier for fund managers in Singapore to reach out to resident corporates for their pool of funds to be managed from Singapore since resident corporates will enjoy the benefits fully from the tax exemption on qualifying income derived by the qualifying funds which they have invested in. However, as the enhanced tier only applies to fund size of S\$50 million,

we may see more boutique fund managers come together to raise funds on a consolidated basis to meet the minimum fund requirement. The above move is indeed a significant step, in particular, the inclusion of Limited Partnership in the fund management scheme, in increasing Singapore's competitiveness with other fund management centres around the world.

MAS will be releasing details of the scheme by April 2009

### **Enhancement of Specified Income and Designated Investment Lists**

'Specified income' derived from 'designated investments' enjoys tax exemption. The Government has in prior years, taken feedback from the industry and expanded the list. In this year's budget, the Government again has expanded the list and the expanded list will apply to all funds and not just for those holding Enhanced Tier status.

With effect from 22 January 2009, the following 2 lists have been expanded as follows:

The list of 'specified income':

- Income realized (other than through sale) on or after 22 January 2009 from designated investments in other forms (held to maturity, redemption, or where the realization leads to a transfer of both economic and legal ownership).
- Certain income derived from debt securities under the Qualifying Debt Securities (QDS) scheme, specifically:
  - (i) Prescribed income directly attributable to QDS issued on or after such date as may be prescribed by regulations;
  - (ii) Amount payable on any Islamic debt securities which are QDS issued on or after 22 January 2009.

The list of 'designated investments':

- Investments in structured products
- Units in business trusts
- Qualifying Islamic investments involving the Murabaha, Mudaraba, Ijara wa Iqtina, Musharaka, Istisna and Salam concepts
- Emissions derivatives
- Stocks and shares of unlisted companies (regardless of residency status) denominated in any currency
- Adjudicated and non-adjudicated liquidation claims

The expansion of the list is welcome and should assist Singapore in leveraging on the growth areas of Islamic investment products in Asia and environment related products. MAS will be releasing details by April 2009.

### **Enhancements of Financial Sector Incentive-Headquarter Services (FSI-HQ) scheme**

Currently, the FSI-HQ scheme grants a 10% concessionary tax rate to a FSI-HQ company on qualifying income derived from providing qualifying services to qualifying network companies.

A company cannot be approved as an FSI company if:

- (a) It is not licensed or approved by MAS or is exempted from such licensing or approval under any Act; and
- (b) It provides treasury, investment or financial services in Singapore to any of its offices or its associated companies.

The tax concession under the FSI-HQ scheme does not extend to income from qualifying services to Local Network Companies (LNC).

Separately, there is a tax incentive scheme for provision of high value-added processing services (hereafter referred to as the Qualifying Processing Services Company (QPC) scheme), which grants a 5% concessionary tax rate on income derived from providing prescribed processing services in Singapore to any financial institution or another QPC. This incentive is valid for the period from 27 February 2004 to 26 February 2009.

To encourage financial institutions to manage and control their regional / global operations from Singapore, the FSI-HQ scheme will be enhanced for the period of 22 January 2009 to 31 December 2013 (both dates inclusive).

The enhancements are as follow:

- (a) To extend the above scheme to a company that:-
  - (i) is wholly-owned, directly or indirectly by, or wholly owns directly or indirectly, a company that is licensed or approved by MAS or by the financial supervisory authority in its home country; and
  - (ii) provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.

- (b) Withholding tax (WHT) exemption will be granted on interest payments made by a FSI-HQ company to qualifying persons on qualifying loans entered into during the period from 22 January 2009 to 31 December 2013 (both dates inclusive) to perform qualifying activities.
- (c) An LNC can be approved as a qualifying network company of a FSI-HQ company, subject to conditions.
- (d) The activities incentivised under the QPC scheme will be folded under the FSI-HQ scheme and income from providing prescribed processing services in Singapore to any financial institution or another QPC will be taxed at a concessionary rate of 10%. There will be no other changes to the scope of the QPC scheme. Companies that have been approved during the period from 27 February 2004 to 26 February 2009 will continue to enjoy the concessionary rate of 5% until the end of their respective awards.

The above proposed enhancement indicates the Government's commitment to promote Singapore's financial sector and to attract global firms to base their headquarters in Singapore in this extraordinary difficult times. MAS will be releasing details of the scheme by April 2009.

### **Extension and Enhancement of Commodity Derivatives Trader (CDT) Scheme**

The current CDT Scheme which is due to expire on 26 February 2009, grants a 5% concessionary tax rate on income derived by an approved standard/ enhanced commodity derivatives trading company from:

- (i) trading in over-the-counter/ exchange-traded commodity derivatives or freight derivatives;
- (ii) services as an intermediary in connection with transactions relating to over-the-counter / exchange-traded commodity derivatives or freight derivatives.

Enhancements which will strengthen the Government's initiative to develop Singapore as a major hub for commodity trading will be made to the current scheme with effect from 27 February 2009.

The enhancements are as follows:

- To fold the CDT Scheme into a new sub-category within the FSI-Derivatives Market (FSI-DM) Scheme for an extension till 31 December 2013.
- To include 'emission derivatives' under the FSI-DM (CDT) award in the definition of commodity derivatives (apply to trades entered into during the period of 27 February 2009 to 31 December 2013.)
- To remove counterparty restrictions under the FSI-DM (CDT) award (apply to trades entered into during the period of 27 February 2009 to 31 December 2013).

The above counterparty relaxation for qualifying trades will also apply to qualifying trades carried out under the Global Trader Programme (GTP) which is entered into during the period of 27 February 2009 to 31 December 2013. This is logical as GTP traders will also be engaging in such trades too.

The proposed enhancement eases the administrative burden in tax compliance and allows flexibility in trades as the concession is not confined to a defined group of persons.

MAS will be releasing details by April 2009.



## Withholding Tax (WHT)

### Extension and enhancement of WHT exemption for maritime industry

Generally, interest payments to a non-resident would be subject to Singapore withholding tax at a rate of 15% unless exemption or a reduced rate of withholding tax is available under a relevant tax treaty.

However, under the Block Transfer Scheme (BTS), WHT exemption can be granted to interest payable on a loan taken by a shipping enterprise from a lender outside Singapore to acquire a Singapore-flagged ship that is registered with the Singapore Registry of Ships (SRS) on any date from 1 November 2003 to 31 December 2008 (both dates inclusive).

The WHT exemption under BTS has been extended for another 5 years to 31 December 2013. Additionally, the WHT exemption under the BTS would be extended to interest payments on loans taken by a shipping enterprise from a lender outside Singapore to acquire 100% of the shares in a Special Purpose Vehicle with a wholly owned Singapore flagged vessel registered from 1 January 2009 to 31 December 2013.

### Enhancement of the Financial Sector Incentive – Headquarter Services (FSI-HQ) scheme

The Minister has announced that WHT exemption will be granted to interest payments made by a FSI-HQ company on qualifying loans entered into during the period from 22 January 2009 to 31 December 2013 (both dates inclusive) to perform qualifying activities.

### Personal Income Tax Rebate

Though, highly anticipated, there was no change in the personal tax rates. One would have anticipated that a lowering of the tax rate would have increased "cash in the pocket", but we will have to maybe wait for another year or so to see if there is any alignment of corporate and personal tax rates. Nevertheless, the Government has proposed to maintain the income tax rebate of 20% for all resident taxpayers for Year of Assessment 2009 to help cushion the effects of the economic downturn on individuals. This is however subject to an overall cap of S\$2,000.

The 20% tax rebate is calculated based on the tax payable after double taxation relief (DTR) and other credits but before set-off of the Parenthood Tax Rebate.

Please refer to the following Appendices:-

Appendix 2 on the Personal Income Tax Rates for Year of Assessment 2009.

Appendix 3 for the Personal Reliefs/Rebates for Tax Residents for Year of Assessment 2009.

### **Installment Option for Personal Income Tax Payment**

Currently, tax resident individuals may elect to pay their personal income taxes in interest-free monthly installments of up to 12 months, subject to the approval of the IRAS. The 12 monthly installment cycle starts in May and ends in April of the following year.

To help ease the cash burden of tax resident individuals who may have lost their jobs in 2008 or likely to lose in 2009, the Finance Minister has proposed to allow such individuals to approach IRAS to re-work their installment plans (up to a maximum of 24 month installments) for tax assessed in Year of Assessment 2009.

### **Property Tax Rebate for Owner-Occupied Residential Properties**

Currently, owner-occupied residential properties enjoy two property tax rebates:

- (a) the concessionary property tax rate of 4% per annum together with the GST rebates (based on the annual value of their properties) ranging from S\$25 to S\$150 per annum.
- (b) The additional property tax rebate of up to S\$100 (or the property tax amount after deducting the GST rebate, whichever is lower) per year for 2008 and 2009 as part of the 2007 GST Offset Package.

In order to ease household expenses in the economic downturn, the Government has proposed a one-off 40% property tax rebate for owner-occupied residential properties for calendar year 2009

### **Removal of Income Tax on Net Annual Value (NAV)**

Currently, the NAV of a property is taxable if it is used by the owner or on behalf of the owner for residential purposes, and not for the purpose of producing profit (business purpose) in Singapore. However, an annual exemption of up to S\$150,000 is granted in respect of a single property occupied by the owner. The exemption does not apply in the case of another person occupying the property on behalf of the owner. With effect from Year of Assessment 2010, the income tax on the NAV is to be removed. This will benefit property owners who are paying income tax on NAV while not collecting any profit from the occupation of their residential property.

### **Enhancement of Tax Deduction on Donations**

To promote the spirit of philanthropy in individuals and corporations, particularly in the current economic downturn where voluntary organizations face difficulties in raising funds, the Government has decided to enhance tax deduction on all donations made to Institutions of a Public Character and other approved beneficiaries between 1 January 2009 and 31 December 2009 (both dates inclusive) to 250%. All existing rules to qualify for the enhanced tax deduction will remain the same.

### **Enhancement of Start-Up Exemption Scheme**

In order to encourage social entrepreneurship in Singapore and to recognize their contribution, the Finance Minister has extended the exemption for start-up companies limited by guarantee, subject to certain conditions. As a result, social enterprises can claim a tax exemption for the first three years of assessment upon incorporation:-

- a. Tax exemption on the first S\$100,000 of normal chargeable income; and
- b. Tax exemption on 50% of the next S\$200,000 of normal chargeable income.

The maximum exemption is S\$200,000 per annum.



## Goods and Services Tax (GST)

### No Change in GST Rate

As expected, there was no cut in the GST rate of 7%. As mentioned by the Finance Minister, GST has allowed Singapore to put in place major social supports and given Singapore a stable revenue base. Hence, it will not be a surprise if the GST rate increases in the future once the economy recovers from the current recession, as the rate of 7% is still considered low compared to other countries.

### Zero-rating and New Special Import Relief Scheme for the Aerospace Industry

To further enhance the competitiveness of the aerospace industry, the Minister has expanded the scope of GST zero-rating for the industry and introduced a new scheme whereby GST is suspended for the import of qualifying aircraft components and systems.

The current zero-rating provisions for aircraft do not apply to aircraft used or intended for use for recreation or pleasure. Unlike ships where the Act excludes ships that are 'designed or adapted for use for recreation or pleasure', the focus on aircraft is on the actual usage.

With effect from 1 April 2009, the following changes will be introduced:

- a) The zero-rating provisions would include aircrafts that are wholly used or intended to be wholly used for international transportation of goods and passengers, including private aircraft. There will be no more distinction whether the transportation of goods or passengers is for business or pleasure on the condition that the end destination is outside Singapore.
- b) The zero-rating would include the sale, maintenance and repair services of aircraft components or systems.
- c) A New Scheme will also be introduced to facilitate the import of aircraft components or systems without the payment of GST.

The above changes will help to improve the cash flow position and to ease the GST compliance burden of the businesses. This proposed measure will boost the growing Aerospace industry in Singapore.

Details will be released by IRAS by March 2009.

### Suspension of GST and Duty on Goods Temporarily Removed from Zero-GST or Licensed Warehouse for Auctions and Exhibitions

Currently, GST and Excise duty is payable when goods are removed from a Zero-GST or Licensed warehouse. From 1 April 2009, GST and Excise duty will be suspended on goods (including wine) temporarily removed from a Zero-GST or Licensed warehouse for auctions or exhibitions.

The intention is to encourage the growth of the auction and exhibition industry as well as specialised storage facilities in Singapore. These specialised storage facilities can store goods with GST and Customs duties suspended up to the time when they are sold. This would ease the cash flow of businesses, especially when the goods are temporarily removed for such events.

Details will be released by Singapore Customs by March 2009.

### Exemption of Duty and GST for a Specified Quantity of Wine for Approved Wine Exhibitions and Conference events

Currently, Excise duty and GST are payable for wine sold at any retail outlet in Singapore, including displays at wine exhibitions. From 1 April 2009, Excise duty and GST will be exempted for a specified quantity of wine for use at approved wine exhibitions and conferences.

Each exhibitor and main conference organiser would enjoy duty exemption and GST relief on up to 3 bottles of wine per label per day.

It is clear that this is intended to promote wine trading activities, develop the wine industry and the consumption of wine in Singapore. It would also directly reduce the cost of importing wine for exhibition and conference events, especially for small businesses that are not GST registered. However, the limitation of 3 bottles of wine would create additional administrative work for exhibitors who have to keep documentary evidence to support the exemption. Exhibitors may also limit the number of bottles for wine tasting especially for popular wines and customers may be disappointed if samples are not available for tasting.

Details will be released by the Singapore Customs by March 2009.

## Recovery of Input GST for Qualifying Funds

Currently, services provided to a fund outside Singapore generally qualify for zero-rating whereas services provided to a fund in Singapore are standard-rated. Funds dealing primarily with exempt supplies are not GST registered and would incur irrecoverable GST on their expenses. Banks also make substantial exempt supplies and have been given the concession of applying a fixed input tax recovery rate that greatly eases the burden of identifying whether the input tax is incurred in the course of making a taxable supply.

To promote the fund management industry in Singapore for the period 22 January 2009 to 31 March 2014 (both dates inclusive), qualifying funds that are managed by a prescribed fund manager in Singapore will be allowed to claim a substantial portion of the GST incurred on prescribed expenses.

The input tax claim process would be by way of Ministerial remission. That means, these funds need not apply for GST registration and comply with the obligations under the GST Act. This would greatly reduce the administrative and compliance cost for approved funds.

Details will be released by MAS by April 2009.

## Property Tax

A property tax rebate of 40% will be given to industrial and commercial properties for 2009. Property owners and landlords are urged not only to pass on this benefit to their tenants but also to consider further in adjusting their rentals terms.

The property tax rebate is also extended to land which is approved for development. The deferral period is for a maximum of two years, effective 22 January 2009 until 21 January 2011 or the TOP date of the development, whichever is earlier. For private residential projects, a one-year extension period of the project completion is now allowed. The period given to developers with qualifying certificates to dispose of all residential units in their developments will be extended from two to four years. In addition, developers are allowed to rent out unsold residential units during this period. Government sale sites and private land owned by foreign developers are also allowed for re-assignment.

Meanwhile, the property tax assessment rate for hotel rooms will remain at 20% for 2009.

The property tax rebate and measures in relaxing the period of completion of projects will help developers in their cash flow and to hold back their developments that they had originally planned in the current economic crisis.



## HIGHLIGHTS OF CERTAIN TAX CHANGES AND DEVELOPMENTS

Description	Key Features															
Determination of the Date of Commencement of Business	<p>Currently, under the IRAS circular "Concession for Enterprise Development – Tax Deduction Allowable for Certain Expenses Incurred Prior to Commencement of Business" dated 14 March 2003, any person who carries on a business will be treated as having commenced its operation on the first day of the accounting year in which it earns its first dollars of business. All outgoings and expenses incurred prior to the date on which a business commences operation are not wholly and exclusively incurred in the production of income. Such pre-commencement or pre-operating expenses are not allowable for tax purposes. However, certain business may have commenced operation before the first dollar of business receipt is earned.</p> <p>In this respect, the Comptroller of Income Tax ("CIT") has now issued a new circular "Determination of the Date of Commencement of Business" on 12 December 2008. The CIT has stated that the primary tax considerations to determine whether a business has commenced its operation are to ascertain the actual regular activities carried on by a business and the presence of the profit-making structure of the business that enable it to commence its day-to-day operation.</p> <p>The CIT generally requires the following facts for examination in determining the date of commencement:-</p> <table border="1" data-bbox="432 1272 1235 1816"> <thead> <tr> <th data-bbox="432 1272 836 1305">Nature of business</th> <th data-bbox="836 1272 1235 1305">Date of commencement</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 1305 836 1384">Wholesale and retail</td> <td data-bbox="836 1305 1235 1384">Date of the business opened to the public</td> </tr> <tr> <td data-bbox="432 1384 836 1462">Manufacturing</td> <td data-bbox="836 1384 1235 1462">Date of commercial production of the goods</td> </tr> <tr> <td data-bbox="432 1462 836 1541">Hoteliers</td> <td data-bbox="836 1462 1235 1541">Date of obtaining certificate of hotel registration</td> </tr> <tr> <td data-bbox="432 1541 836 1659">Property Developer</td> <td data-bbox="836 1541 1235 1659">Date of acquiring the land/ building for development for sale</td> </tr> <tr> <td data-bbox="432 1659 836 1693">Proprietary club</td> <td data-bbox="836 1659 1235 1693">Date of launching its club membership</td> </tr> <tr> <td data-bbox="432 1693 836 1816">Professional services</td> <td data-bbox="836 1693 1235 1816">Date when the business is ready to market its services and conclude contracts with its potential clients</td> </tr> </tbody> </table>		Nature of business	Date of commencement	Wholesale and retail	Date of the business opened to the public	Manufacturing	Date of commercial production of the goods	Hoteliers	Date of obtaining certificate of hotel registration	Property Developer	Date of acquiring the land/ building for development for sale	Proprietary club	Date of launching its club membership	Professional services	Date when the business is ready to market its services and conclude contracts with its potential clients
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<p>New Research and Development (R &amp; D) Measures</p>	<p>In order to encourage more pervasive R &amp; D in Singapore, enhanced and new measures were introduced with effect from Year of Assessment 2009.</p> <p>1) Removal of the requirement that R &amp; D expenses incurred must be related to the existing trade or business in respect of R &amp; D done in Singapore.</p> <p>That is, if the R &amp; D is done in Singapore, the company can qualify for tax deduction regardless of whether the R &amp; D expenses are incurred in respect of the company's existing trade or business.</p> <p>2) Enhanced deduction for R &amp; D expenses under Section 14D in respect of R &amp; D expenditure done in Singapore.</p> <p>The tax deduction has been raised from 100% to 150% of the actual R &amp; D expenditure incurred on R &amp; D done in Singapore.</p> <p>3) New R &amp; D tax allowance (RDA) scheme</p> <p>The allowance will be given up to an amount of 50% of the first S\$300,000 of the company's chargeable income.</p> <p>Company, subject to meeting certain qualifying conditions, can make a claim to utilize the R &amp; D allowance against the assessable income it derives in subsequent YAs. The last YA in which any R&amp;D allowance granted can be utilized is YA 2016.</p> <p>4) New R&amp;D Incentive for start-up Enterprise (RISE) scheme</p> <p>The company can convert current year unutilized tax adjusted losses of up to \$225,000 into cash grants of up to S\$20,250, subject to the following conditions: -</p> <p>a) The company's first 3 YAs since its incorporation must fall within the period YA 2009 to YA 2013 (both inclusive);</p> <p>b) The company has incurred qualifying R &amp; D expenditure of at least S\$150,000 in the basis period for the YA claim;</p> <p>c) The company has already commenced business; and</p> <p>d) The company must still be carrying on the qualifying R &amp; D activities in Singapore at the time the application for the cash grant is filed with IRAS.</p>	<p>Effective from YA 2009 to YA 2013</p>
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<p>Capital Allowances</p>	<ul style="list-style-type: none"> <li>• Currently, motor vehicle* with maximum laden weight not exceeding 3,000kg must claim capital allowance over the prescribed working life**(Section 19).</li> <li>• From Year of Assessment 2009 onwards, motor vehicle* with maximum laden weight not exceeding 3,000kg and for motor cycle (including those motor vehicles purchased before Year of Assessment 2009) can either claim capital allowance over three years write off (Section 19A) or over the prescribed working life** (Section 19).</li> </ul> <p>* does not include "S" plate private passenger cars.</p> <p>** The number of years of working life is based on the Six Schedule of the Income Tax Act.</p>	<p>Effective from Year of Assessment 2009</p>
<p>Deduction for expenditure incurred on renovation or refurbishment works</p>	<ul style="list-style-type: none"> <li>• Currently, capital expenses incurred on renovation or refurbishment works (R&amp;R costs) carried out on the business premises will not be qualified for capital allowance unless they form part of an industrial building and the taxpayer engages in qualifying trade which qualify for industrial building allowances.</li> <li>• This R&amp;R costs is also not allowable as revenue deduction unless it constitutes expenditure on repairs or replacement with no element of improvement.</li> <li>• From Year of Assessment 2009 onwards, all qualifying R&amp;R costs incurred by a taxpayer during the period 16 February 2008 to 15 February 2013 will be eligible for tax deduction. The deduction of qualifying R&amp;R costs will be provided for under a new section 14Q of Income Tax Act. This is to help business, particularly small and medium enterprises, reduce their business costs.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The mechanics of the tax deduction under Section 14Q are summarized as follows:- <ul style="list-style-type: none"> <li>- It must be claimed over three consecutive Years of Assessment, starting from the Year of Assessment relating to the basis period in which the R&amp;R costs were first incurred.</li> <li>- The amount of R&amp;R costs that will qualify for tax deduction is subject to an expenditure cap of S\$150,000 for every relevant three-year period, starting from the year in which the R&amp;R costs were incurred and a deduction is claimed by the company.</li> <li>- The Section 14Q is to be deducted from the adjusted profit/loss after allowance has been made to other tax deductions. Any amount that could not be fully utilised will form part of the adjusted trade loss of the company. The amount of the unutilised trade losses, if any can be:- <ul style="list-style-type: none"> <li>a. carried forward to offset against the company's assessable income for future Years of Assessment if there is no substantial change in shareholders and their shareholdings; or</li> <li>b. carried back to the immediate preceding Year of Assessment to be offset against the assessable income under the loss carry-back relief.</li> </ul> </li> <li>- However, unutilised Section 14Q deduction cannot be transferred under the group relief system.</li> <li>- No deduction will be allowed on expenditure relating to:- <ul style="list-style-type: none"> <li>i) Any designer fees or professional fees;</li> <li>ii) Any antique; or</li> <li>iii) Any type of fine art including painting, drawing, print, calligraphy, mosaic, sculpture, pottery or art installation</li> </ul> </li> </ul> </li> </ul>	
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<p>New NOR Scheme</p>	<p>Currently, an individual who is accorded the NOR status ("NOR taxpayer") can enjoy one or more of the following tax concessions provided that the qualifying criteria of each of the tax concessions are met :</p> <p>(1) Time apportionment of income from the employment in Singapore ("Singapore employment income"); and</p> <p>(2) Tax exemption of employer's contribution to a non-mandatory overseas pension fund or social security scheme</p> <p><b>Qualifying criteria for the NOR scheme</b></p> <p>(1) He is a resident of Singapore for income tax purposes for that Year of Assessment ("YA") and</p> <p>(2) He is not a resident of Singapore for income tax purposes for the 3 consecutive YAs immediately before that YA.</p> <p>An individual who meets the qualifying criteria of the above would be accorded the NOR status for 5 consecutive YAs, starting from the YA in which he first meets the criteria.</p> <p><b>Tax concessions available under the new NOR scheme</b></p> <p><b>(A) Time apportionment of Singapore employment income ("Time apportionment concession")</b></p> <table border="1" data-bbox="435 1310 1233 1854"> <thead> <tr> <th colspan="2" data-bbox="435 1310 1233 1350"><b>Qualifying Criteria</b></th> </tr> <tr> <th data-bbox="435 1350 834 1391"><b>Old NOR Scheme</b></th> <th data-bbox="834 1350 1233 1391"><b>New NOR Scheme</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="435 1391 834 1514">(i) You must have spent at least 90 days outside Singapore for business reasons.</td> <td data-bbox="834 1391 1233 1514">(i) You must have spent at least 90 days outside Singapore for business reasons.</td> </tr> <tr> <td data-bbox="435 1514 834 1854">(ii) Your tax on your total Singapore employment income must be greater than 10% of your total Singapore employment income.</td> <td data-bbox="834 1514 1233 1854">(ii) Your total Singapore employment income must be at least S\$160,000. If the tax on the apportioned income is less than 10% of your total employment income, you will still be subject to a tax of 10% of your total employment income.</td> </tr> </tbody> </table>	<b>Qualifying Criteria</b>		<b>Old NOR Scheme</b>	<b>New NOR Scheme</b>	(i) You must have spent at least 90 days outside Singapore for business reasons.	(i) You must have spent at least 90 days outside Singapore for business reasons.	(ii) Your tax on your total Singapore employment income must be greater than 10% of your total Singapore employment income.	(ii) Your total Singapore employment income must be at least S\$160,000. If the tax on the apportioned income is less than 10% of your total employment income, you will still be subject to a tax of 10% of your total employment income.	<p>Effective from Year of Assessment 2009</p>
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<b>Income Not Apportionable</b>	
<b>Old NOR Scheme</b>	<b>New NOR Scheme</b>
<p>Income that will be taxed in full includes:</p> <ul style="list-style-type: none"> <li>* Leave pay (commuted leave);</li> <li>* Leave passage;</li> <li>* Director's fees; and</li> <li>* All benefits-in-kind (BIK) whose values are independent of whether or not you have travelled out of Singapore for business reasons, such as accommodation, car benefit, etc.</li> </ul>	<p>Income that will be taxed in full are:</p> <ul style="list-style-type: none"> <li>* Director's fees; and</li> <li>* Any amount of income tax payable in Singapore that is borne, directly or indirectly, by your employer.</li> </ul>
<p><b>(B) Tax exemption of employer's contribution to non-mandatory overseas pension fund or social security scheme for a resident NOR Singapore employee</b></p> <p>The employer's contribution is not taxable in the hands of the resident NOR Singapore employee in the year of contribution.</p> <p><u>Qualifying criteria for the concession</u></p> <ol style="list-style-type: none"> <li>(1) The resident NOR Singapore employee is neither a Singapore citizen nor a permanent resident of Singapore.</li> <li>(2) His Singapore employment income must meet the minimum income threshold of S\$160,000</li> <li>(3) His employer must not claim deduction on contribution made to non-mandatory overseas pension or provident funds and social security schemes up to the NOR cap.</li> </ol>	

To summarise, the main changes to the NOR Scheme are as follows:-

	Old NOR Scheme	New NOR Scheme
Residency	<p>(1) He is a resident of Singapore for income tax purposes for that Year of Assessment ("YA") and</p> <p>(2) He is not a resident of Singapore for income tax purposes for the 3 consecutive YAs immediately before that YA.</p>	<p>(1) He is a resident of Singapore for income tax purposes for that Year of Assessment ("YA") and</p> <p>(2) He is not a resident of Singapore for income tax purposes for the 3 consecutive YAs immediately before that YA.</p>
Employment Income Threshold	Not Applicable	Not Applicable
Deduction on contributions made to non-mandatory overseas pension / provident funds	Not Applicable	The employer must not claim deduction on contribution made to non-mandatory overseas pension or provident funds and social security schemes up to the NOR cap

<p>Equity Remuneration Incentive Scheme (Start-ups)</p>	<p>Currently, gains derived by an individual from employee stock option plans (ESOP) and employee share ownership (ESOW) plans granted in respect of Singapore employment are assessable to income tax. These gains are taxed as income of individual for the year in which the options are exercised, the shares are granted or vested, or the moratorium on the disposal of shares is lifted, as the case may be.</p> <p>A number of tax measures have been implemented to enhance the tax treatment of gains derived from ESOP or ESOW plans. These measures include as follows: -</p> <ul style="list-style-type: none"> <li>a) Qualified Employee Equity-based Remuneration Scheme (QEEBR) – The scheme allows employees to defer payment of tax on gains from ESOP or ESOW plans for up to 5 years, subject to an interest charge at prime rate.</li> <li>b) Entrepreneurial Employee Equity-based Remuneration Scheme (EEEBR) – The scheme allows employees of company to enjoy a tax exemption of 50% of up to S\$10 million of gains from ESOP or ESOW plans arising over a period 10 years, provided certain conditions are met.</li> <li>c) Company Employee Equity-based Remuneration Scheme (CEEBR) – The scheme allows employees of a company to enjoy tax exemptions on gains from ESOP or ESOW plans of up to S\$1 million arising over a period of 10 years if certain criteria are met.</li> </ul> <p>To improve the attractiveness of equity-based remuneration tools for new start-up company, the QEEBR and EEEBR will now be re-named under one umbrella scheme called the Equity Remuneration Incentive Scheme (ERIS). The ERIS is made of up 3 tiers. The first two tiers comprise the existing QEEBR (now known as the ERIS (SMEs)) and the EEEBR scheme (now known as the ERIS (All-Corporations)), while the third tier is a new scheme, ERIS (start-Ups).</p> <p>The ERIS (Start-Ups) is available to tranches of stock options or shares granted under an ERIS (Start-Ups) Plan during the period from 16 February 2008 to 15 February 2013 (both dates inclusive). A qualifying company has to grant the options or shares within the first 3 years of its incorporation, to a qualifying employee to acquire ordinary shares of the qualifying company.</p> <p>Under the ERIS (Start-Ups), an employee of a qualifying company can enjoy a tax exemption of 75% of the gains of up to \$10 million of gains from ESOP or ESOW plans over a 10 years period, provided certain criteria are met.</p>	<p>Effective from 16 February 2008 to 15 February 2013 (both dates inclusive)</p>
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The three tier schemes are summarized as follows:-

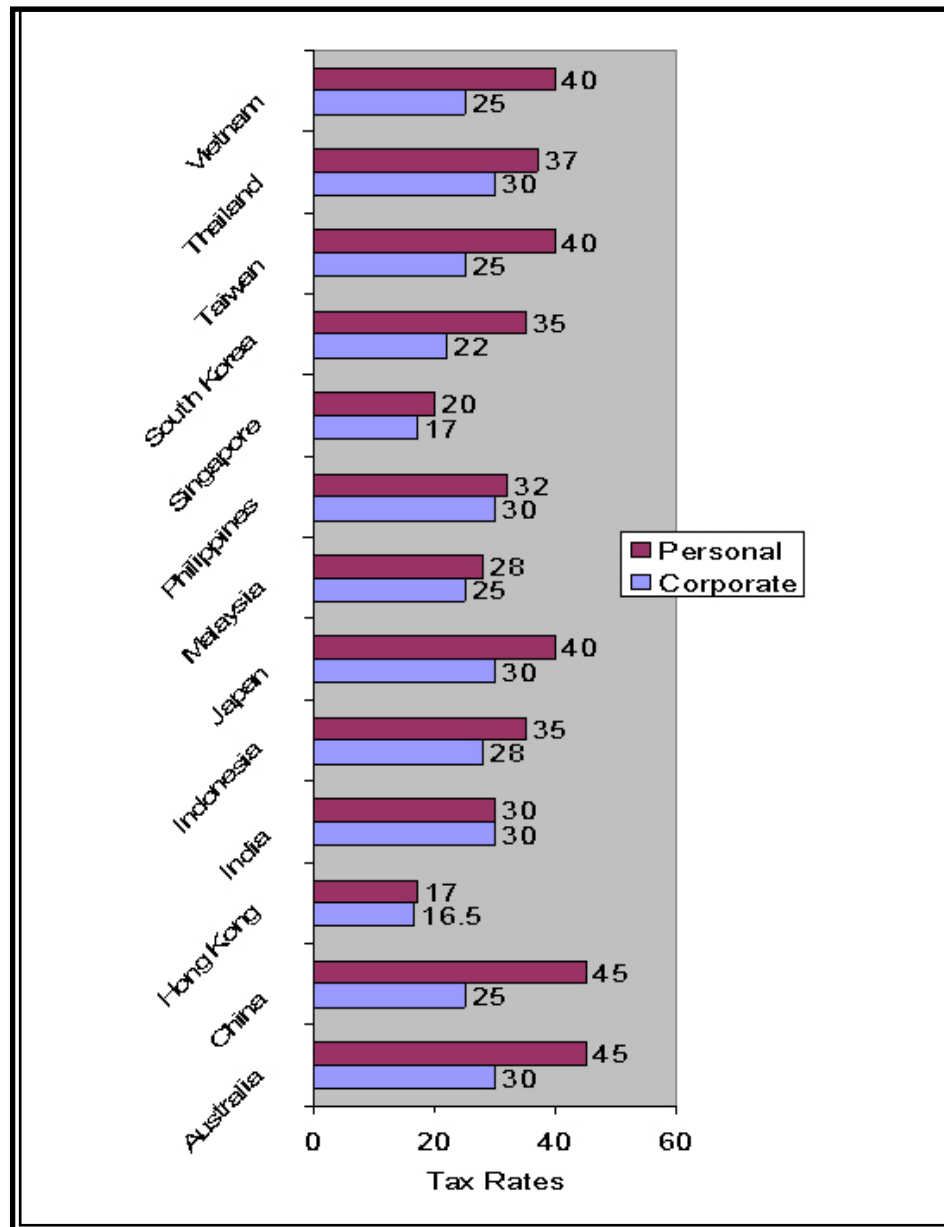
	ERIS (All Corporations)	ERIS (SMEs)	ERIS (Start-ups)
Earlier called	CEEER	EEEBR	New
Tax Exemption	> No window period	>No window period	Applicable to options/shares granted during February 16, 2008 to February 15, 2013
	>Tax Exemption (if conditions are met) on:- - 1st S\$2000; and - 25% of remaining gains. - Up to S\$1 million. - Over a 10 year period.	>Tax Exemption (if conditions are met) on:- - 50% of gains. - Up to S\$10 million. - Over a 10 year period	>Tax Exemption (if conditions are met) on:- - 75% of gains. - Up to S\$10 million. - Over a 10 year period.
CONDITIONS			
1) Qualifying company	> Singapore incorporated company and branch of foreign incorporated company. > Carries on business in Singapore.	> Singapore incorporated company. > Carries on business in Singapore. > Aggregate market value of gross assets is less than S\$100 million.	> Singapore incorporated company. > Carries on business in Singapore. > Aggregate market value of gross assets is less than S\$100 million. > At least 1 individual/shareholder must hold more than 10% of issued ordinary shares. > Company must be within first 3 years of incorporation.

	ERIS (All Corporations)	ERIS (SMEs)	ERIS (Start-ups)
2) Qualifying Employee	<ul style="list-style-type: none"> <li>&gt; Individual must be exercising employment for the company.</li> <li>&gt; Does not have effective control of the company.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Individual must be exercising employment for the company.</li> <li>&gt; Does not have effective control of the company.</li> <li>&gt; Committed working time per week with the company must be at least 30 hours.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Individual must be exercising employment for the company.</li> <li>&gt; Does not have effective control of the company.</li> <li>&gt; Committed working time per week with the company must be at least 30 hours.</li> </ul>
3) Stock Options	<ul style="list-style-type: none"> <li>&gt; must satisfy SGX vesting requirements as follows:- <ul style="list-style-type: none"> <li>- 1 year vesting period where exercise price is the same as market value at date of grant.</li> <li>- 2 years vesting period where exercise price is less than market value at date of grant.</li> </ul> </li> <li>&gt; Offered by a Qualifying company to at least 25% of its employees.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; must satisfy SGX vesting requirements as follows:- <ul style="list-style-type: none"> <li>- 1 year vesting period where exercise price is the same as market value at date of grant.</li> <li>- 2 years vesting period where exercise price is less than market value at date of grant.</li> </ul> </li> <li>&gt; No requirement.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; must satisfy SGX vesting requirements as follows:- <ul style="list-style-type: none"> <li>- 1 year vesting period where exercise price is the same as market value at date of grant.</li> <li>- 2 years vesting period where exercise price is less than market value at date of grant.</li> </ul> </li> <li>&gt; No requirement.</li> </ul>
Share Plans	<ul style="list-style-type: none"> <li>&gt; Must satisfy the minimum holding period requirements as follows:- <ul style="list-style-type: none"> <li>- Where the price payable to acquire a share is equivalent to or exceeds the market price at the time of grant, the employee cannot dispose the shares within 6 months from the date of grant.</li> <li>- Where the price payable to acquire a share is at a discount to market value of the share at the time of grant, the employee cannot dispose the shares within 1 year from the date of grant.</li> </ul> </li> <li>- Offered by a Qualifying company to at least 25% of its employees.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Must satisfy the minimum holding period requirements as follows:- <ul style="list-style-type: none"> <li>- Where the price payable to acquire a share is equivalent to or exceeds the market price at the time of grant, the employee cannot dispose the shares within 6 months from the date of grant.</li> <li>- Where the price payable to acquire a share is at a discount to market value of the share at the time of grant, the employee cannot dispose the shares within 1 year from the date of grant.</li> </ul> </li> <li>- No requirement</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Must satisfy the minimum holding period requirements as follows:- <ul style="list-style-type: none"> <li>- Where the price payable to acquire a share is equivalent to or exceeds the market price at the time of grant, the employee cannot dispose the shares within 6 months from the date of grant.</li> <li>- Where the price payable to acquire a share is at a discount to market value of the share at the time of grant, the employee cannot dispose the shares within 1 year from the date of grant.</li> </ul> </li> <li>- No requirement.</li> </ul>

<p>GST Concession for REIT &amp; Qualifying Registered Business Trusts Listed in Singapore</p>	<ul style="list-style-type: none"> <li>• Currently, only GST registered S-REITs could apply for the 2006 GST concession (ie. may claim tax remission for GST incurred on the setting up of their various tiers of Special Purpose Vehicles ('SPVs') that hold overseas non-residential properties and GST incurred by their SPVs on the acquisition and holding of overseas non-residential properties).</li> <li>• To consolidate Singapore's status as a regional REITs hub and to promote growth in Singapore registered business trust market, with emphasis on certain business sectors, the 2006 GST concession has been enhanced.</li> <li>• The 2008 enhanced concession is extended to Singapore listed Registered Business Trusts (S-RBTs) carrying on qualifying businesses, namely infrastructure business, aircraft leasing, and ship leasing (hereafter referred to as 'qualifying S-RBTs'). S-REITs and qualifying S-RBTs are able to claim GST incurred on business expenses, excluding disallowed expenses under Regulation 26 and 27 of the GST (General) Regulations, regardless of whether they are GST registrable or not.</li> <li>• The 2008 enhanced concession allows S-REITs and qualifying S-RBTs to look through the holding structure and treat all supplies made by the multi-tiered structure as if they are taxable or exempt supplies made by the parent S-REIT and qualifying S-RBT for the purpose of computing GST claims. This is regardless of whether the S-REITs and qualifying S-RBTs make taxable supplies.</li> </ul> <p>Qualifying conditions:-</p> <ul style="list-style-type: none"> <li>- Listed or to be listed on the Singapore Exchange;</li> <li>- Has veto rights over key operational issues of its SPV holding the underlying assets;</li> <li>- Make taxable supplies or out-of-scope supplies which would have been taxable supplies if made in Singapore.</li> </ul> <p>The S-REIT or qualifying S-RBT should assess its eligibility for the enhanced concession and there is no need to write in for the Comptroller's approval. Statement of claims should be filed together with its first GST claims an organization structure showing the shareholdings or unit holdings in its SPVs and its effective ownership of the underlying assets.</p>	<p>Effective from 29 February 2008 2008</p>
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## APPENDIX 1

## Comparison of Corporate Tax Rates and Top Marginal Personal Tax Rates in selected countries



## PERSONAL INCOME TAX RATES FOR TAX RESIDENTS

For Year of Assessment 2009 - based on income earned in the year 2009

	Chargeable Income (\$)	Rates	Gross Tax Payable (\$)
On the first	20 000	0	0
On the next	10 000	3.5%	350
On the first	30 000		350
On the next	10 000	5.5%	550
On the first	40 000		900
On the next	40 000	8.5%	3 400
On the first	80 000		4 300
On the next	80 000	14%	11 200
On the first	160 000		15 500
On the next	160 000	17%	27 200
On the first	320 000		42 700
Above	320,000	20%	varies

## APPENDIX 3

## PERSONAL RELIEFS / REBATES FOR TAX RESIDENTS FOR YA 2009

1. Earned Income Relief		Normal	Handicapped
Below 55 years old		\$1,000	\$2,000
55 – 59 years old		\$3,000	\$5,000
60 years and above		\$4,000	\$6,000
2. Wife and Handicapped Spouse Relief			
Wife Relief		\$2,000	
Handicapped Spouse Relief			\$3,500
3. Child Relief			
Qualifying Child Relief (QCR)			
Qualifying Child Relief (QCR)			
1st, 2nd, 3rd, 4th child and beyond		\$4,000 each	
Handicapped Child Relief (HCR)			\$5,500
Working Mother Child Relief (WMCR)			
Birth Order		Amount of Relief	
1st child		15% of earned income	
2nd child		20% of earned income	
3rd child		25% of earned income	
4th child		25% of earned income	
5th child and beyond		25% of earned income	
Maximum per child (WMCR + QCR/HCR)		\$50,000	
Maximum total WMCR (capped)		100% of mother's earned income	
4. Parenthood Tax Rebates (PTR)		Rebate	
1st child		\$ 5,000	
2nd child		\$10,000	
3rd child		\$20,000	
4th child		\$20,000	
5th child		\$20,000	
5. Dependent Relief			
Normal Parent Relief		\$3,500 (not staying with taxpayer)	
		\$5,000 (staying with taxpayer)	
Handicapped Parent Relief		\$6,500 (not staying with taxpayer)	
		\$8,000 (staying with taxpayer)	
Grandparent Caregiver Relief (GCR)		\$3,000	
Handicapped Brothers or Sisters Relief		\$3,500 each	
6. Provident Fund and Life Insurance Relief			
Compulsory CPF		Full statutory amount	
<i>subject to monthly cap of \$4,500 and annual cap of \$76,500 for the year 2008- YA 2009</i>			
Voluntary CPF		34.5% of trade income	
<i>subject to annual cap of \$26,393 for the year 2008 - YA 2009</i>			

Life Insurance Premiums	
Where compulsory CPF contribution is less than \$5,000, taxpayer may claim qualifying life insurance premiums on his or his wife's life as deduction; however, the total deduction (i.e. CPF contributions and life insurance premium together) is subject to a maximum of \$5,000.	
CPF cash top-ups for self/parents/grandparents/non-working spouse/siblings/by employer	Maximum \$7,000
Voluntary cash contribution specifically directed to Medisave Account (MA)	Capped at \$26,393 less mandatory contribution
	Prevailing medisave ceiling (\$33,500) less the balance in MA
<b>7. Course Fees Relief</b>	Maximum \$3,500
<b>8. Foreign Maid Levy Relief</b>	<b>Relief</b>
	Twice levy paid for 1 maid only Maximum of \$6,360 - YA 2009)
<b>9. NS Men Relief</b>	
Active NS man	\$3,000
Inactive NS man	\$1,500
Wife of NS man	\$ 750
Each parent of NS man	\$ 750
NS key command and staff appointment holders	\$ 2,000 *
* This relief will be given in addition to the basic NSmen relief and applies from YA 2007	
<b>10. Supplementary Retirement Scheme (SRS)</b>	
The relief allowed is the actual SRS contribution made by you and your employer in 2008	
Singapore citizens and permanent residents	15% of contributions
Foreigners	35% of contributions
Similar to CPF, SRS contributions are subject to capping rules: i.e. annual cap of \$76,500 for the year 2008- YA 2009 ; max. relief: \$11,475/\$26,775	

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