



Singapore Tax Facts

Taxes on income

(The information contained herein is valid as of 1st March 2008)

Individual Income Tax

Residence Status

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

An employee (excluding a director of a company) who is not resident in Singapore and who exercises an employment in Singapore for a period or periods which together do not exceed 60 days in the year preceding any year of assessment, is exempt from tax on the income attached to that employment.

* The individual can be physically present or working in Singapore for 3 consecutive years even though the number of days he is in Singapore is less than 183 days in the first and third year.

However, with effect from 1 January 2007, if the individual is unable to qualify as tax resident under the above 3-year administrative concession, he may be regarded as tax resident under the new 2-year administrative concession provided that he is physically present or working in Singapore for at least 183 days over 2 consecutive years.

Non-Resident Individual Tax Rates

Types of income	2007 Rate	2008 Rate
	%	%
Employment income	Higher of 15% or resident rates	
Director's fees	20	20
Consultation fees	20	20
All other income	20	20

Resident Individual Tax Rates

	Chargeable income	2007		2008	
		Rate	Tax	Rate	Tax
	\$	%	\$	%	\$
On the first	20,000	0.00	0.00	0.00	0.00
On the next	10,000	3.50	350.00	3.50	350.00
On the first	30,000		350.00		350.00
On the next	10,000	5.50	550.00	5.50	550.00
On the first	40,000		900.00		900.00
On the next	40,000	8.50	3,400.00	8.50	3,400.00
On the first	80,000		4,300.00		4,300.00
On the next	80,000	14.00	11,200.00	14.00	11,200.00
On the first	160,000		15,500.00		15,500.00
On the next	160,000	17.00	27,200.00	17.00	27,200.00
On the first	320,000		42,700		42,700
On income above	320,000	20.00		20.00	

For calendar year 2007, a one-off income tax rebate of 20%, subject to a cap of \$2,000 will be given to all resident taxpayers.

Tax Treatment of Employee's Remuneration

Benefits-in-kind	Tax Treatment
Accommodation Provided	The taxable value is: (1) The lower of: <ul style="list-style-type: none"> • 10% of employment income x no. of days accommodation is provided / no. of days employed in that calendar year; or • the annual value x no. of days accommodation is provided / 365 (2) Less rent paid by employee (if any).
Home Leave Passage	A tax concession is granted to tax a maximum of 20% of the cost of the passage. This concession is limited to 1 leave passage to the employee, 1 leave passage to his spouse and 2 leave passages to each child annually.
Car Benefits	Employer leases a car for the employee's use (i.e. employer bears the full cost of rental of the leased car) Value of car benefit = $(3/7 \times \text{Rental cost incurred by the employer}) + (\$0.10 \text{ per km} \times \text{private mileage if cost of petrol is borne by employer})$; or $(3/7 \times \text{Rental cost incurred by the employer})$ if cost of petrol is borne by the employee. Note: The above formulae are applicable only if all other running/maintenance expenses are borne by the car hiring company.
Tax Paid by Employer	Income tax of an employee that is borne by the employer is assessable as a gain from employment. A tax-on-tax will be computed.

Types of Tax Relief (for Tax Residents only)

Relief	Category	\$
Earned income	Age below 55 years old	1,000
	Age between 55 and 59 years old	3,000
	Age 60 years old and above	4,000
Wife		2,000
Child	1st - 3rd child	2,000 per child
	4th child (born on or after 1.1.1988)	2,000
Foreign maid levy	(for married female taxpayers only)	Up to 6,720

Corporate Tax

Under the Singapore Income Tax Act, a company will be taxed on any income accruing in or derived from Singapore or received in Singapore from outside Singapore, regardless of the company's tax residence status in Singapore.

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.

Tax Rates

Year of assessment (YA)	Tax rate	Tax rebates
2008 (financial year ended 2007)	18%	<ul style="list-style-type: none"> A company is taxed at a flat rate on its chargeable income. <u>Partial Tax Exemption</u> Exempt income: <ul style="list-style-type: none"> - First \$ 10,000 @ 75% = \$ 7,500 - Next \$ 290,000 @ 50% = \$145,000 <div style="display: flex; justify-content: space-between; width: 100%;"> \$300,000 \$152,500 </div> <u>Full Tax Exemption for new companies:</u> Full tax exemption can be granted on normal chargeable income (excluding Singapore franked dividends) of a qualifying company up to \$100,000, for any of its first three consecutive YAs starting from YA 2005. The first YA refers to the YA relating to the basis period during which the company is incorporated. To qualify for the tax exemption for a relevant YA under the new scheme, a company must - <ul style="list-style-type: none"> 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; and d) have all shareholders who are individuals throughout the basis period relating to that YA. Any company that does not meet the qualifying conditions for any of its first three consecutive YAs starting from YA 2005 would still be eligible for partial tax exemption.
2009 (financial year ended 2008)	18%	<ul style="list-style-type: none"> <u>Partial Tax Exemption</u> Exempt income: <ul style="list-style-type: none"> - First \$ 10,000 @ 75% = \$ 7,500 - Next \$ 290,000 @ 50% = \$145,000 <div style="display: flex; justify-content: space-between; width: 100%;"> \$300,000 \$152,500 </div> <u>Full Tax Exemption for new companies:</u> Qualifying companies now only need to have 1 individual shareholder holding at least 10% of the total number of issued ordinary shares throughout the basis period relating to the YA of claim. The requirement of having all shareholders who are individuals throughout the basis period relating to that YA is lifted.

Foreign-Sourced Dividends, Branch Profits & Service Income

A Singapore-resident company can now enjoy tax exemption from its foreign-sourced dividends, foreign branch profits, and foreign-sourced service income that is remitted into Singapore on or after 1st June 2003 if the following conditions are met:

- The highest corporate tax rate (Headline tax rate) of the foreign country from which income is received from is at least 15% in the year the income is received;
- The foreign income had been subjected to tax in the foreign country from which they were received; and
- The Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Withholding Tax on Payments to Non-Residents

Withholding tax rates

Nature of income	Tax rate
Interest, commission, fee or other payment in connection with any loan or indebtedness	15%*
Royalty or other lump sum payments for the use of movable properties	10%*#
Payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information	10%*#
Rent or other payments for the use of movable properties	15%*
Technical assistance and service fees	Prevailing Corporate Tax Rate @
Management Fees	Prevailing Corporate Tax Rate @
Time charter fees and voyage charter fees	
1. Paid to resident of a country which has a tax treaty with Singapore which provides for: - Full exemption of shipping and aircraft profits - 50% exemption of shipping and aircraft profits	Nil 1%
2. Paid to a resident of a country which has no tax treaty with Singapore	2%
3. Paid to a resident of a tax haven country	3%
Bareboat charter fees	
1. Paid to resident of a country which has a tax treaty with Singapore where: (a) treaty specifically covers bareboat charter fees under the 'Shipping & Air Transport' Article and it provides for: - Full exemption of shipping and aircraft profits - 50% exemption of shipping and aircraft profits (b) treaty does not cover bareboat charter fees	Nil 1% 2%
2. Paid to a resident of a country which has no tax treaty with Singapore	2%
3. Paid to a resident of a tax haven country	3%
Directors' remuneration	20%
Proceeds from sale of any real property by a non-resident property trader	15%
Distribution (except distribution out of Singapore dividends from which tax is deducted or deductible under section 44) made by REIT to unitholder who is a non-resident (other than an individual)	10%^

* The withholding tax at 15% or 10% on the gross payment is a final tax. These rates apply when the income is not derived by the non-resident person through its operations carried out in Singapore. 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 (with effect from 1 January 2007, the prevailing corporate tax rate has been reduced to 18%).
- Non-resident individuals : 20%

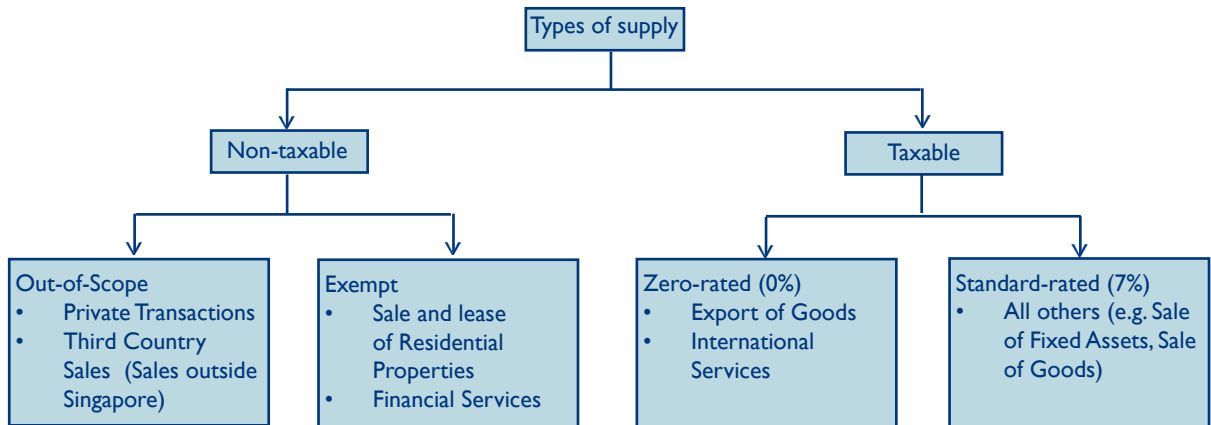
The reduced withholding tax rate of 10% applies for payments due and payable on or after 1 January 2005.

@ For payments made to non-resident individuals, tax is to be withheld at 20% on the gross payment.

^ The reduced withholding tax rate of 10% applies to distributions made during the period from 18 Feb 2005 to 17 Feb 2010 (Budget 2005 refers). With effect from 16 February 2007, withholding tax shall not apply to any distribution made by the trustee of the REIT where tax has been paid by the trustee of the trust on the income from which the distribution is made (Income Tax (Amendment) Act 2007 refers).

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

Goods & Services Tax



About BDO

BDO International is a world wide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country. The combined total fee income of all BDO Member Firms was US\$ 4,703.8 million in 2007. The global network currently has 626 offices in 111 countries and some 31,576 partners and staff in the Member Firms providing business advisory services throughout the world.

For more information about our services, contact the following divisions:

Audit & Assurance

Peter Leong peterleong@bdo.com.sg DID: 68289120

Business Restructuring Services

Leow Quek Shiong quekshiong@bdo.com.sg DID: 68289170

Business Transaction Services

Ross Limjoco rosslimjoco@bdo.com.sg DID: 68289125

Corporate Finance

Tan Soon Liang soonliang@bdo.com.sg DID: 68289169

Management Consulting

Tah Wee Han weehan@bdo.com.sg DID: 68289184

Risk Advisory Services

Scott Lam scottlam@bdo.com.sg DID: 68289185

Tax Advisory

Michelle Seat michelleseat@bdo.com.sg DID: 68289182

Corporate Alliance Pte Ltd

Corporate Secretarial

Lim Swe Jian swejian@bdo.com.sg DID: 68289139

Outsourcing Accounting

Lim Siew Ming siewming@bdo.com.sg DID: 68289109



BDO Raffles
5 Shenton Way
#07-01 UIC Building
Singapore
Tel: 65 6828 9118
Fax: 65 6828 9111
Email: info@bdo.com.sg
www.bdo.com.sg

DISCLAIMER: The information in this publication is for general guidance only and is not a substitute for professional advice. BDO Raffles and its staff accept no responsibility for any actions taken or not taken on the basis of the information in this publication.