

SINGAPORE TAX FACTS 2011

- Individual income tax • Corporate income tax
- Withholding taxes • Employment income
- Capital allowances • Estate duty
- Stamp duty • Goods and services tax

TAXES ON INCOME

(The information contained herein is valid as of 1st March 2011.)

INDIVIDUAL INCOME TAX

BASIS OF TAXATION

Income is taxable on all income received in or derived from Singapore. The place of payment or receipt of such income is irrelevant.

Employment income, which includes salaries, bonuses, allowances, perquisites and benefits in kind, is taxable in Singapore if the employment is exercised in Singapore. Generally, this is regardless of where the employer is located, where the income is received or where the contract is conducted.

Income derived from sources outside Singapore is taxable only if it is received in Singapore by a resident individual through a partnership in Singapore.

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 the basis year.

As a concession, an individual may also be treated as resident in Singapore if he:

- stays in Singapore for a consecutive period spanning 3 calendar years (not necessarily 3 complete calendar years); or
- enters Singapore on or after 1 January 2007 and stays or works in Singapore for a continuous period of at least 183 days spanning 2 calendar years.

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

#Does not include director of a company, a public entertainer or exercising a profession in Singapore.

TAXES ON INCOME

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INDIVIDUAL INCOME TAX

RESIDENT INDIVIDUAL TAX RATES

	Chargeable Income	Year of Assessment (YA) 2010		Year of Assessment (YA) 2011	
		Rate	Tax	Rate	Tax
	S\$	%	S\$	%	S\$
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	-	42,700.00	-	42,700.00
On income above	320,000	20.00		20.00	

For calendar year 2010 (i.e. YA 2011), a one-off income tax rebate of 20%, subject to a cap of S\$2,000 will be given to all resident taxpayers.

NON-RESIDENT INDIVIDUAL TAX RATES

Types of Income	Year of Assessment (YA) 2011	
	Rate	Rate
	%	%
Employment income	Higher of 15% or resident rates	
Director's fees	20	20
Consultation fees	20	20
All other income	20	20

NOT ORDINARILY RESIDENT (NOR) SCHEME

A Singaporean, Singapore permanent resident (SPR) or foreigner may qualify for NOR status for a 5-year period if he:

- has not been a Singapore tax resident in the 3 years of assessment preceding the year in which he first qualifies for the NOR scheme; and
- is a Singapore tax resident for the year of assessment in which he wishes to qualify for the scheme.

A NOR will enjoy the following benefits (subject to prescribed conditions and capping limits):

- time apportionment of income from Singapore employment (w.e.f. Year of Assessment (YA) 2009, this includes commuted leave and benefits-in-kind, but excludes directors' fees) by reference to time spent outside Singapore on business;
- exemption of employer's contributions to non-mandatory overseas social security schemes/pension funds (only available to non-Singapore citizens/non-SPRs).

TAXES ON INCOME

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INDIVIDUAL INCOME TAX

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 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 = $(3/7 \times \text{Rental cost incurred by the employer}) + (\text{S\$}0.10 \text{ per km} \times \text{private mileage if cost of petrol is borne by employer})$; 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.
Stock options/ Share plans	Taxable at point of exercise. Difference between fair market value and exercise price is taxable. Special rules applicable for expatriate leaving Singapore.

TYPES OF TAX RELIEF (FOR TAX RESIDENTS ONLY)

Relief	Category	S\$
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
Spouse	Earned Income	2,000
Child	Earned Income	4,000 per child

ESTATE DUTY

There is no estate duty payable for deaths on and after 15 Feb 2008.

WEALTH TAX

There is no wealth tax in Singapore.

GIFT TAX

There is no gift tax in Singapore but there may be stamp duty (please see section on stamp duty).

TAXES ON INCOME

(The information contained herein is valid as of 1st March 2011.)

CORPORATE TAX

BASIS OF TAXATION

Under the Singapore Income Tax Act, a company is liable to pay tax on income accrued in or derived from Singapore or income 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 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.

As announced in the Budget 2009, the aforesaid conditions will be temporarily lifted and tax exemption will be granted to all foreign-sourced income earned or accrued outside Singapore on or before 21 January 2009 and received in Singapore during the period from 22 January 2009 to 21 January 2010.

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 fixed by law.

TAXES ON INCOME

(The information contained herein is valid as of 1st March 2011.)

CORPORATE TAX

CORPORATE TAX RATES

YA	Tax Rate	Tax Rebates															
2010 (financial year ended 2009)	17%	<ul style="list-style-type: none"> A company is taxed at a flat rate on its chargeable income. Partial Tax Exemption Exempt income: <table border="0"> <tr> <td>First</td> <td>\$10,000</td> <td>@ 75%</td> <td>=</td> <td>\$ 7,500</td> </tr> <tr> <td>Next</td> <td>\$290,000</td> <td>@ 50%</td> <td>=</td> <td>\$145,000</td> </tr> <tr> <td></td> <td>\$ 300,000</td> <td></td> <td></td> <td>\$152,500</td> </tr> </table> Full Tax Exemption for new companies: 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 where: <ul style="list-style-type: none"> 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. <p>The full tax exemption scheme is also extended to companies limited by guarantee, subject to the same conditions imposed on companies limited by shares.</p> <p>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.</p>	First	\$10,000	@ 75%	=	\$ 7,500	Next	\$290,000	@ 50%	=	\$145,000		\$ 300,000			\$152,500
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Next	\$290,000	@ 50%	=	\$145,000													
	\$ 300,000			\$152,500													
2011 (financial year ended 2010)	17%	<ul style="list-style-type: none"> Companies will continue to enjoy the partial tax exemption scheme and tax exemption scheme for new set-up companies. Companies will be granted a one-off 20% corporate income tax rebate, (capped at S\$10,000) or receive a one-off Small and Medium Size Enterprises (SME) cash grant based on 5% of the company's revenue (capped at S\$5,000), whichever is higher. 															

CAPITAL GAINS TAX

There is no capital gains tax in Singapore.

TAXES ON INCOME

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CORPORATE TAX

WITHHOLDING TAX RATES FOR PAYMENTS MADE TO NON-RESIDENTS

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	Nil
- 50% exemption of shipping and aircraft profits	1%
- Reduced rate	Reduced rate or 2% whichever is lower
2. Paid to a resident of a country which has a tax treaty with Singapore but does not cover shipping and aircraft profits	2%
3. Paid to a resident of a country which has no tax treaty with Singapore	2%
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	Nil
- 50% exemption of shipping and aircraft profits	1%
- Reduced rate	Reduced rate or 2% whichever is lower
(b) treaty does not cover bareboat charter fees	2% (unless it is further reduced by other provision of the tax treaty such as the "Royalty" Article)
2. Paid to a resident of a country which has no tax treaty with Singapore	2%
Directors' remuneration	20%
Proceeds from sale of any real property by a non-resident property trader	15%
Distribution of taxable income (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% [^]

* 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 (with effect from 1 January 2009, the prevailing corporate tax rate has been reduced to 17%).
- Non-resident individuals : 20%

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

@ 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. For example, if the service was rendered in Dec 2009 and the payment was made in year 2010, the prevailing corporate tax is that for year 2009 (Year of Assessment 2010), which is 17%. 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 February 2005 to 31 March 2015 (Budget 2005 and Budget 2010 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.

TAXES ON INCOME

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CORPORATE TAX

GOODS & SERVICES TAX (GST)

Types of Supply	%
On supply of goods and services in Singapore	7
Export of goods and international services from Singapore and certain trustee services	0
Certain financial services, sales and lease of residential land and buildings	Exempt
Private transactions and third country sales (sales outside Singapore)	Out of scope

GOODS & SERVICES TAX (GST)

Purchase or Gift of Immovable Property	S\$
On purchase price or market value, whichever is higher:	
- every \$100 or part thereof of the first S\$180,000	1.00
- every \$100 or part thereof of the next S\$180,000	2.00
- thereafter, every \$100 or part thereof	3.00
Transfer or Gift of Shares	S\$
On purchase price or market value, whichever is higher:	
- every \$100 or part thereof	0.20

WHAT MATTERS TO YOU MATTERS TO US

The BDO network provides services in the following countries*
*this list is current as of 1 January 2011

ALGERIA - ANGOLA - ARGENTINA - AUSTRALIA - AUSTRIA - AZERBAIJAN - BAHAMAS - BAHRAIN
BELARUS - BELGIUM - BOLIVIA - BOTSWANA - BRAZIL - BRITISH VIRGIN ISLANDS - BULGARIA
CAMBODIA - CANADA - CAPE VERDE - CAYMAN ISLANDS - CHILE - CHINA (PRC) - COLOMBIA
COMOROS - COSTA RICA - CROATIA - CYPRUS - CZECH REPUBLIC - DENMARK & FAROE ISLANDS
DOMINICAN REPUBLIC - DUTCH CARIBBEAN (ARUBA - CURACAO - ST MAARTEN) - EAST AFRICA
(BURUNDI - KENYA - RWANDA - TANZANIA - UGANDA) - EASTERN CARIBBEAN (ST LUCIA
ST VINCENT & THE GRENADINES) - ECUADOR - EGYPT - EL SALVADOR - ESTONIA - FINLAND
FRANCE - GEORGIA - GERMANY - GIBRALTAR - GREECE - GREENLAND - GUATEMALA - GUERNSEY
HONG KONG - HUNGARY - INDIA - INDONESIA - IRELAND - ISLE OF MAN - ISRAEL - ITALY
JAMAICA - JAPAN - JERSEY - JORDAN - KAZAKHSTAN - KOREA - KOSOVO - LATVIA - LEBANON
LIECHTENSTEIN - LITHUANIA - LUXEMBOURG - MACAO - MADAGASCAR - MALAYSIA - MALTA
MAURITIUS - MEXICO - MOROCCO - MOZAMBIQUE - NAMIBIA - NETHERLANDS - NEW ZEALAND
NIGERIA - NORWAY - OMAN - PAKISTAN - PANAMA - PARAGUAY - PERU - PHILIPPINES - POLAND
PORTUGAL - QATAR - ROMANIA - RUSSIA - SAN MARINO - SAUDI ARABIA - SENEGAL - SERBIA
SEYCHELLES - SINGAPORE - SLOVAK REPUBLIC - SLOVENIA - SOUTH AFRICA - SPAIN - SRI LANKA
SURINAME - SWEDEN - SWITZERLAND - TAIWAN - THAILAND - TRINIDAD & TOBAGO - TUNISIA
TURKEY - TURKMENISTAN - UKRAINE - UAE - UNITED KINGDOM - UNITED STATES OF AMERICA
URUGUAY - VENEZUELA - VIETNAM - ZAMBIA - ZIMBABWE

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