CORPORATE INCOME TAX

Corporate tax

Singapore taxes businesses on a preceding year basis on Singapore sourced income and on foreign sourced income remitted into Singapore.

Standard rate - Year of Assessment 2009 — 18%

- with effect from Year of Assessment 2010 — 17%

Tax rates after Partial Tax Exemption

Amount of Chargeable Income	Effective Tax Rate	
	YA 2009	YA 2010
First S$10,000	4.5%	4.25%
Next S$290,000	9.0%	8.50%
In excess of S$300,000	18.0%	17.0%

Exemptions

- Full tax exemption on the first $100,000 of chargeable income is available for a start-up company (including companies limited by guarantee with effect from YA 2010) which has no more than 20 shareholders of which at least one individual shareholder holds at least 10% of total number of issued ordinary shares. The full tax exemption is available for the first 3 consecutive Years of Assessment.
- Foreign-sourced dividends, branch profits & service fee income remitted to Singapore are exempted if tax has been paid, or is payable, in a foreign jurisdiction where the headline tax rate is 15% or more, subject to conditions.
- However, all foreign-sourced income earned or accrued on or before 21 January 2009 and remitted to Singapore between 22 January 2009 to 21 January 2010 (both dates inclusive) are tax exempted in Singapore.

Withholding tax

Nature of income paid to non-resident:	%
Dividends	0
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*
Technical assistance and service fees / Management fees	17#®
Rent or other payments for the use of movable properties	15*
Charter fees	1-3
Directors' remuneration	20
Proceeds from sale of any real property by a non-resident property trader	15
Branch remittances	0

* The withholding tax at 10% or 15% on the gross payment is a final tax. It applies provided that the income is not derived by the non-resident through its operations carried out in or from Singapore. For operations carried out in or from Singapore, they will continue to be taxed at the prevailing corporate tax rate on their chargeable income.

\# Exempted under certain circumstances.

® 18% for YA 2009

Where a double tax agreement ("DTA") is applicable, the rates specified in the agreement with the respective country would apply, if the rates are lower than the actual domestic rates.

DTAs normally provide tax credit for foreign tax suffered against the domestic tax imposed on the same income.

In addition, with effect from Year of Assessment 2009, unilateral tax credits will be extended to Singapore residents on all types of foreign-sourced income remitted.

Capital allowances

Methods of computing capital allowances for qualifying assets are as follows:

- Accelerated allowances — 100 % or $33^1/_3$ %
- Enhanced accelerated allowance (for YA 2010 & 2011) — 100% or 2 years with 75% of write-down in year 1
- Write off over the prescribed working life of the assets — 5 - 16 years

Special allowance

A special allowance will be granted for expenditure on all fixtures, fittings, and installations ("attached fixtures"), except those expenses relating to structural works and expansion of space incurred from 16 February 2008 to 15 February 2013. This allowance is to be written off over 3 years or within one year (for expenses incurred in 2009 & 2010) and is subject to a cap of S$150,000 every 3 years.

Industrial building allowances

- Initial allowance — 25 %
- Annual allowance — 3 %

INDIVIDUAL INCOME TAX

Individuals are taxed on a preceding year basis. In general, all remuneration arising from employment (including benefits-in-kind) exercised in Singapore are taxable. Benefits-in-kind which would give rise to a charge to tax include use of car, provision of accommodation, home leave passage, stock purchase and share options.

Singapore does not have "Pay As You Earn" employer deduction system.

Income tax rates : resident individuals

	Taxable income	%	Tax payable (S$)
On the first	20,000	0	0
On the next	10,000	3.50	350
	30,000		350
On the next	10,000	5.50	550
	40,000		900
On the next	40,000	8.50	3,400
	80,000		4,300
On the next	80,000	14.00	11,200
	160,000		15,500
On the next	160,000	17.00	27,200
	320,000		42,700
Above	320,000	20.00	

Note : Filing of tax return is not required for annual income less than $22,000

For Year of Assessment 2009, all resident taxpayers will receive a one-off income tax rebate of 20% which is capped at S$2,000.

Income tax rates : non-resident individuals

Type of income:	%
Employment income *(or resident rates, whichever gives rise to higher tax)*	15
Director's remuneration	20
Entertainer's professional income	15
Other professional income *(may make an irrevocable option to be taxed at 20% of net income as defined)*	15
Short-term employment income *(i.e. 60 days or less)*	Exempt
Dividends	0
Other income	20

Resident individuals' personal reliefs

Earned income relief

Taxpayer age is:

Below 55	$1,000
55 to 59	$3,000
60 and above	$4,000

Wife relief — $2,000

(Annual income in her own name is less than $2,000)

Child relief — $4,000 for each child

Child relief is only granted in respect of an unmarried legitimate, step or legally adopted child who is under 16 years old at any time during the preceding year. If the child is 16 years old and above, he / she must be:

- Studying full time at a university, college or school;
- Serving under articles or indentures with a view to qualifying in a trade or profession; or
- Physically or mentally handicapped.

No relief is allowed for any child whose income (excluding scholarships or similar allowances) for the preceding year exceeds $2,000.

Generous tax reliefs for children are available if children are Singapore citizens. Further details on request.

Foreign maid levy relief

A married woman will be entitled to claim a tax deduction against her earned income for twice the amount of the foreign maid levy paid in respect of one maid.

Resident individuals' personal reliefs (cont'd)

Parent/handicapped parent relief & handicapped brother/sister relief

(self and spouse's parents, grandparents or great-grandparents)

	Parent relief	Handicapped
• Living in the same household	$5,000	$8,000
• Not living in the same household	$3,500	$6,500
• Handicapped brothers and sisters		$3,500

Note: The above reliefs are granted subject to conditions as specified in the Income Tax Act.

Life insurance and contributions to approved pension or provident funds

Life insurance premiums paid on the life of the individual or his spouse and contributions to approved pension or provident funds are allowed subject to a maximum of $5,000, or the amount of the contributions to approved pension funds, whichever is the greater.

Course fees

Costs incurred to attend seminars, conferences etc or fees incurred to undertake any course of study for the purpose of gaining an approved academic or professional qualification or such other approved course which is related or unrelated to the individual's trade, business, profession, vocation or employment are deductible subject to a maximum of $3,500.

Not Ordinarily Resident Scheme (NOR Scheme)

An individual can qualify for the NOR scheme for a period of 5 years of assessments if the following criteria are met:

1. The individual must be a tax resident for the Year of Assessment in which he wishes to qualify for the NOR scheme; and
2. The individual must not have been a Singapore resident in the 3 consecutive years of assessment before the year he first qualifies for the NOR scheme.

Under the NOR scheme, a qualifying individual employed by a Singapore employer can enjoy one or more of the following tax concessions:

Year of Assessment 2009 onwards

- Time apportionment of Singapore employment income including perquisites and leave pay (subject to a minimum Singapore employment income of S$160,000 and spend at least 90 days outside Singapore for business purposes).
- Tax exemption of employer's contribution to non-mandatory overseas pension fund or social security scheme (not applicable to a permanent resident of Singapore / a Singapore citizen and the qualifying individual must derive a minimum income of S$160,000. In addition, the employer must not claim a deduction for the contributions).

Supplementary Retirement Scheme (SRS)

Individuals may contribute any amount to their SRS account up to the SRS contribution cap which is 15% for Singaporeans / 35% for foreigners of prescribed limits (currently is S$76,500). Therefore, the maximum SRS contributions for a Singaporean is S$11,475 and foreigner is S$26,775. Investment returns accumulate tax-free (except Singapore dividends) and only 50% of withdrawals are taxable at retirement.

In addition, employers can contribute to employees' SRS accounts and the employers' contributions are fully tax deductible. The contributions by employers are taxable to the individuals. However, tax relief up to the contribution limit will be available to the individuals for SRS contributions made by the individuals and / or their employers.

EMPLOYER'S OBLIGATIONS

CPF contributions from 1/7/07

Age	Employer	Employee	Total
50 years and below	14.5%	20%	34.5%
Above 50 to 55 years	10.5%	18%	28.5%
Above 55 to 60 years	7.5%	12.5%	20.0%
Above 60 to 65 years	5%	7.5%	12.5%
Above 65 years	5%	5%	10.0%
CPF salary ceiling	$4,500		
Additional wage ceiling	$76,500 - total ordinary wages subject to CPF contributions		

** There are reduced rates of contribution for Singapore Permanent Resident in the first and second year.*

Skills Development Levy ("SDL")

With effect from 1 October 2008, employers are required to contribute SDL rate of 0.25% on all workers they employ, up to the first $4,500 of gross remuneration.

OTHERS

Property tax

Owner-occupied residential property	4%*
Other properties	10%*

* One-off 40% property tax rebate on owner-occupied property and for commercial & industrial property for the year 2009

Stamp duty

Rates for purchase or gift of immovable property

Purchase price or market value, whichever is higher

First $180,000	1%
Next $180,000	2%
Thereafter	3%

Rates for transfer or gift of shares

Purchase price or net asset value, whichever is higher — 0.2%

There is a remission of stamp duties paid in connection with bona fide aborted property transactions except for an administrative charge of $50.

Relief from stamp duty is given for transfers between associated companies, unlimited companies, Limited Liability Partnerships, (where all the partners are companies) and Statutory Boards. The transferee companies do not need to be Singapore companies or Singapore tax residents to qualify for the stamp duty relief. The relief is also extended to include the transfer of mortgages for financial institutions.

Capital gains tax

Singapore does not tax capital gains.

Goods and Services Tax (GST)

Standard rate	7%
Registration threshold	Annual turnover of S$1,000,000

Estate duty

Estate duty is abolished for deaths occurring on or after 15 February 2008.

SINGAPORE TAX COMPLIANCE

CORPORATE:

Estimated chargeable income (ECI)

Every company is required to furnish an ECI within 3 months after the end of the financial year.

If ECI is furnished within the qualifying period, interest-free instalments are available (maximum of 10 instalments if ECI is e-filed or maximum of 5 instalments if it is manually filed).

Settlement of tax liability

Tax liability has to be settled within one month from the date of issue of notice of assessment. If the tax is not paid by the due date, a 5% penalty and 1% additional penalty per month up to 12% (total of 17%) will be imposed. In addition, IRAS may take recovery action.

Filing of company's tax return (Form C)

Due date 30 November

Note: For late filing / not filing for Form C, IRAS will issue letter of composition for penalty and / or summons will be issued to the company to attend court.

Objection to the notice of assessment

If company does not agree with the assessment raised, it has to lodge an objection in writing within 30 days from the date of issue of notice of assessment; otherwise the assessment will automatically become final.

Withholding tax return (Form IR37)

Withholding tax payment has to be made together with Form IR37 by the 15th of the month following the date of payment to the non-resident.