

SINGAPORE TAX COMPLIANCE – CORPORATE (CONT'D)

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.

GST Return (Form GST F5)

A company that is GST-registered is required to submit standard quarterly GST return. However, company may request for monthly, six-monthly or special accounting periods which is subject to approval. The due date for the Form GST F5 together with payment of output GST due, if any, is one month after the end of the accounting period.

SINGAPORE TAX COMPLIANCE – INDIVIDUAL

Filing of Individual's Tax Return (Form B/1)

Tax return is due for filing to the IRAS by 15 April# of the following year. If tax return is not filed by the 15 April deadline, IRAS may raise estimated assessment.

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. 12 months interest-free installment plan is available upon request. Interest free installments are available for payment with Bank GIRO deductions.

Objection to the Notice of Assessment

If an individual does not agree with the assessment raised, he/she 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.

Letter of Guarantee (LOG)

A foreign individual who is employed by a foreign employer (e.g. representative office or entity not registered in Singapore) is required to provide LOG from a local bank or an established limited company in Singapore to cover his/her estimated tax for the coming Year of Assessment. If the LOG is not provided to the IRAS, an advance assessment will be issued.

SINGAPORE TAX COMPLIANCE – EMPLOYER

Form IR8A

Companies must give completed Forms IR8A to employees, showing remuneration and benefits-in-kind for the previous calendar year, by 1 March for submission to together with his income tax return or transmit the salary information electronically to IRAS via an internet service provided by the IRAS or the Provident and Tax Line (PAT Line).

Tax clearance for non-citizen employees

Form IR21 must be completed at least one month before a non-citizen employee ceases employment in Singapore (including posting to an overseas location) or plans to leave Singapore for more than 3 months. Employers who fail to comply may be liable to a fine not exceeding \$1,000 and for the employee's unpaid tax, if any.

CPF contributions, levies, funds and donations

CPF contributions are due within 14 days after the end of the month. In addition CPF Board is also the collecting agent for Foreign Worker Levy, Skills Development Levy, Mosque Building and Mendaki Fund (MBMF), Singapore Indian Development Association (SINDA) Fund, Chinese Development Assistance Council (CDAC) Fund, Eurasian Community Fund (ECF) and Share Programme Donations. All payments are due within 14 days after the end of the month.

OTHER TAX RETURNS

The following are all due on 15 April#

- Form P for partnerships (including LLPs)
- Form P1 for clubs, management corporations and pension and provident funds
- Form M for non-resident individuals
- Form T for trusts and estates

#IRAS will allow bulk extension of time (for tax agents) to file tax returns of tax payers (both local and foreigners) by 30 June 2011 for YA 2011.

Notes

All amounts are indicated in Singapore Dollars.
Information is correct as of February 2011.

OUR TAX SERVICES

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Our experienced team delivers practical and integrated tax advice. Solutions will be tailored to your business needs.

Scope of tax advisory services

- Planning acquisitions, mergers, divestments and reorganizations, including due diligence reviews
- Tax-effective legal and operating structures for international and Singapore business
- Goods and Services Tax
- Strategies for expatriates and high net worth individuals
- Tax incentives
- Withholding tax
- Tax opinions
- Stamp duty
- Trusts and Estate Planning

Tax Compliance

We believe tax compliance must be efficient but also sensitive to your tax planning strategies. Through initial meetings or discussions, we will aid you in identifying the planning points before they become compliance issues.

Scope of tax compliance services

- Preparation of tax computations and returns for corporate and personal income tax
- Applications for the Not Ordinarily Resident Scheme
- Withholding tax returns
- GST registration

ABOUT US

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CONTACT US

Shanker Iyer Chairman	shanker@iyerpractice.com
Alison Loh Tax Director	alison.loh@iyerpractice.com
Prapti Acharya Tan Yee Ching Asst Tax Directors	prapti.acharya@iyerpractice.com yeeching.tan@iyerpractice.com

The Iyer Practice
Accountants and Business Consultants

3 Phillip Street #18-00 Commerce Point Singapore 048693
t +65 6532 5746 f +65 6532 7680
www.iyerpractice.com

SINGAPORE TAX FACTS

Years of Assessment
2011 and 2012

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. The prevailing corporate tax rate is 17% (tax rate after partial tax exemption).

Amount of Chargeable Income	Effective Tax Rate
First \$10,000	4.25%
Next \$290,000	8.50%
In excess of \$300,000	17.00%

Exemptions

- Full tax exemption on the first \$100,000 of chargeable income is available for a start-up company (including companies limited by guarantee) 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 and 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.

Tax rebates and grants

For YA 2011, companies will automatically receive the higher of the following upon filing their YA 2011 Forms C by the 30 November 2011 deadline:

- Corporate income tax rebate of 20%, capped at \$10,000; or
- SMEs which have made CPF contributions in the YA 2011 will be entitled to a one-off non-taxable cash grant equivalent to 5% of revenue, capped at \$5,000.

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
Payment for purchase of real property from 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.

Applicable only if services are rendered in Singapore.

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. With effect from YA 2012, Singapore residents can elect for foreign tax credit pooling system.

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:

<ul style="list-style-type: none"> Accelerated allowances 	100% or 33 ¹ / ₃ %
<ul style="list-style-type: none"> Enhanced accelerated allowance (for YAs 2010 and 2011) 	100% or 2 years with 75% of write-down in year 1
<ul style="list-style-type: none"> Write off over the prescribed working life of the assets 	5 – 16 years

Productivity and Innovation Credit (PIC) Scheme

With effect from YA 2011, businesses will be able to claim tax deduction of up to 400% of qualifying expenditure incurred with a cap of \$400,000 for each activity. Businesses may also choose to claim a cash grant instead of claiming PIC, subject to conditions.

Industrial Building Allowances (IBA)

IBA has been phased out from 22 February 2010 except in specified scenarios.

Land Intensification Allowance

Qualifying businesses can claim an initial allowance of 25% and an annual allowance of 5% on qualifying capital expenditures incurred for construction of a qualifying building or structure.

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 and 2010) and is subject to a cap of \$150,000 every 3 years.

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 (\$)	YA 2011		YA 2012	
	%	Tax Payable (\$)	%	Tax Payable (\$)
On the first 20,000	0	0	0	0
On the next 10,000	3.50	350	2.00	200
On the first 30,000	-	350	-	200
On the next 10,000	5.50	550	3.50	350
On the first 40,000	-	900	-	550
On the next 40,000	8.50	3,400	7.00	2,800
On the first 80,000	-	4,300	-	3,350
On the next 40,000	14.00	5,600	11.50	4,600
On the next 40,000	14.00	5,600	15.00	6,000
On the first 160,000	-	15,500	-	13,950
On the next 40,000	17.00	6,800	17.00	6,800
On the next 120,000	17.00	20,400	18.00	21,600
On the first 320,000	-	42,700	-	42,350
Above 320,000	20.00	20.00	20.00	20.00

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

For YA 2011, all resident taxpayers will receive a one-off income tax rebate of 20% which is capped at \$2,000.

Income Tax Rates: Non-Resident Individuals

Type of Income	%
Employment income <i>(or resident rates, whichever gives rise to higher tax)</i>	15
Director's remuneration	20
Entertainer's professional income	10*
Other professional income <i>(may make an irrevocable option to be taxed at 20% of net income as defined)</i>	15
Short-term employment income <i>(i.e. 60 days or less)</i>	Exempt
Dividends	0
Other income	20

*The withholding tax rate has been reduced from 15% to 10% for payments made to non-resident public entertainers from 22 February 2010 to 31 March 2015.

Resident Individual's Personal Reliefs

Earned income relief

Taxpayer age is:	
Below 55	\$1,000
55 to 59	\$3,000
60 and above	\$4,000

Spouse relief (annual income in his/her own name is less than \$4,000)

Child relief / handicapped child relief \$4,000 / \$5,000 per 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;
- Physically or mentally handicapped.

No relief is allowed for any child whose income (excluding scholarships or similar allowances) for the preceding year exceeds \$4,000. There is no income threshold for physically or mentally handicapped children.

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

Parent/handicapped parent relief and handicapped brother/sister relief

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

	Parent relief	Handicapped
▪ Living in the same household	\$7,000	\$11,000
▪ Not living in the same household	\$4,500	\$8,000
▪ 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 \$5,500.

Alimony payment

With effect from YA 2012, alimony payments received by ex-spouses will be tax exempt. However, no relief will be available to individuals who support their ex-spouses.

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.

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:

- The individual must be a tax resident for the Year of Assessment in which he wishes to qualify for the NOR scheme; and
- 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:

- Time apportionment of Singapore employment income including perquisites and leave pay (subject to a minimum Singapore employment income of \$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 Singapore citizen or a Singapore permanent resident and the qualifying individual must derive a minimum income of \$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 (which is currently \$76,500 and will be increased to \$85,000 in line with the higher CPF ceiling with effect from YA 2012). Therefore, the maximum SRS contribution for a Singaporean is \$11,475 (increased to \$12,750) and foreigner is \$26,775 (increased to \$29,750). Investment returns are tax-free 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

Central Provident Fund (CPF) contributions for are mandatory for Singapore citizens and Singapore Permanent Residents (SPRs) from their third year onwards. Note that there are reduced rates of contribution for SPRs in the first and second year.

Employee Age	CPF Contribution Rates from 1 March 2011		
	Employer (%)	Employee (%)	Total (%)
50 years and below	15.5*	20	35.5
Above 50 years to 55 years	11.5	18	29.5
Above 55 years to 60 years	8.5	12.5	21.0
Above 60 years to 65 years	6	7.5	13.5
Above 65 years	6	5	11.0
CPF salary ceiling	\$4,500*		
Additional wage ceiling	\$76,500 - total ordinary wages subject to CPF contributions \$85,000 - total ordinary wages subject to CPF contributions from (with effect from 1 September 2011)		

Note: *With effect from 1 September 2011, employer CPF contributions will increase to 16%. The current CPF monthly salary ceiling will be increased to \$5,000.

Skills Development Levy (SDL)

Employers are required to contribute SDL for all workers they employ, up to the first \$4,500 of gross monthly remuneration at a rate of 0.25%.

OTHERS

Property Tax

Property tax rates for owner-occupied residential property are as follows:

▪ First \$6,000 of annual value	0%
▪ Next \$59,000 of annual value	4%
▪ Balance of annual value in excess of \$65,000	6%

Other properties:

10%

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%

Remission of stamp duties are given in the following circumstances:

- In connection with bona fide aborted property transactions and similar lease contracts or agreements except for an administrative charge of \$50.
- Transfer of unlisted shares for qualifying merger and acquisition deals executed from 1 April 2010 to 31 March 2015 (both dates inclusive) capped at \$200,000 per year.
- Transfer of a Singapore immovable property / 100% of issued share capital of a Singapore incorporated company that holds immovable properties situated outside Singapore to a listed REIT from 18 February 2010 to 31 March 2015 (both dates inclusive).

Relief from stamp duty is given for transfers of assets between associated companies including 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 and conversion of an existing company to a Limited Liability Partnership.

Seller stamp duty ("SSD")

The SSD rates for properties acquired on or after 14 January 2011 and disposed of within four years from the acquisition date are as follows:

Holding period of 1 year	16% of price or market value, whichever is higher
Holding period of 2 years	12% of price or market value, whichever is higher
Holding period of 3 years	8% of price or market value, whichever is higher
Holding period of 4 years	4% of price or market value, whichever is higher

Capital Gains Tax

Singapore does not tax capital gains.

Goods and Services Tax (GST)

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

Estate Duty

There is no estate duty in Singapore.

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 installments are available (maximum of 10 installments if ECI is e-filed or maximum of 5 installments 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/ non-filing of Form C, IRAS will issue letter of composition for penalty and / or court summons will be issued to the company to attend court.