



Singapore Tax Profile

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1 Corporate Income Tax

1.1 General Information

Corporate Income Tax Rate

The tax rate is 17%.

Companies are entitled to a 40% corporate income tax ('CIT') rebate capped at SGD 15,000 for Year of Assessment (YA) 2018 and 20% CIT rebate capped at SGD 10,000 for YA 2019.

There is a partial tax exemption: (i) of 75% on the first SGD 10,000 and 50% on the next SGD 290,000 of the company's regular income for YA 2010 to YA 2019 (ii) of 75% on the first SGD 10,000 and 50% on the next SGD 190,000 of the company's regular income from YA 2020 onwards.

A separate set of tax exemption rules will apply to qualifying start-up companies for the first 3 consecutive YAs.

Residence

A company, whether incorporated in Singapore or otherwise, is considered a resident of Singapore for tax purposes if the place of control and management of its business is exercised in Singapore. Generally, a company is treated as a resident of Singapore if, among other things, its board of directors' meetings are held in Singapore.

Basis of Taxation

Singapore adopts a territorial basis of taxation wherein tax is imposed on: (i) Singapore-sourced income accruing in or derived from Singapore; and (ii) foreign-sourced income, upon its remittance or deemed remittance into Singapore, unless specifically exempted from tax by way of tax legislation, IRAS administrative concession or tax treaty exemption.

Tax Losses

Any unutilised 'trade losses' and capital allowances can be carried forward to offset against the income of the person for subsequent YAs, subject to the shareholder's continuity test. Any unutilised capital allowances are subject to an additional same business test.

Businesses (including sole-proprietors) can also elect to carry back their current year unutilised trade losses and capital allowances of up to SGD 100,000 to the immediate YA preceding the current YA. Any unutilised capital allowances and trade losses in excess of the SGD 100,000 limit would continue to be available for carry-forward under normal rules.

Tax Consolidation/Group Relief

Currently, group relief is available in Singapore, but not tax consolidation. Under the group relief system, a loss making company within a group is, subject to satisfaction of certain conditions, allowed to transfer its current year unutilised losses, capital allowances, and donations to offset the taxable profits of other companies in the same group.

Two Singapore companies are members of a group if one is at least 75% owned by the other or if both are at least 75% owned by another Singapore company.

Transfer of Shares

Ad valorem stamp duty is payable at the rate of 0.2% on the value of the shares or the consideration, whichever is the higher.

In addition to the above 0.2% stamp duty, certain acquisitions or disposals of equity interests in residential property-holding entities ('PHE') attract additional conveyance duty ('ACD').

The rates of ACD for buyers are:

- Graduated rate of 1% to 4% of the market value of the underlying residential property; together with

- Flat rate of 30% (15% before 6 July 2018) of the market value of the underlying residential property.

The rate of ACD for sellers (where equity interest is disposed of within 3 years of acquisition) is 12% of the market value of the underlying residential property.

Transfer of Assets

For non-residential properties, buyer's ad valorem stamp duty is payable at the graduated rates of 1% to 3% on the market value of the real property or the consideration, whichever is higher.

For residential properties, buyer's ad valorem stamp duty is payable at the graduated rates of 1% to 4% on the market value of the real property or the consideration, whichever is higher. Additional buyer's stamp duty of up to 30% (15% before 6 July 2018) may apply to the acquisition of residential properties, depending on the profile of the buyer. Housing developers may qualify for a remission of 25% of the additional buyer's stamp duty, subject to conditions.

Seller's stamp duty of up to 16% may be imposed where residential properties are sold within 4 years of purchase (or up to 12% if sold within 3 years if purchased from 11 March 2017). Seller's stamp duty of up to 15% also applies to industrial properties sold within 3 years of purchase.

Capital Duty (Non-tax planning)

None

CFC Rules

None

Thin Capitalization

None

Amalgamations of Companies

In Singapore, there are rules to facilitate tax-free amalgamation between companies, subject to the meeting of stipulated conditions.

In a qualifying amalgamation, the amalgamated company must elect in writing within 90 days from the date of amalgamation to avail itself of the tax treatment for a qualifying amalgamation.

General Anti-avoidance

The IRAS may disregard or vary an arrangement and make adjustments (including the computation or re-computation of gains or profits or imposition of liability to tax) to counteract any tax advantage obtained or obtainable by a person, where the IRAS is satisfied that one of the main purpose or effect of any arrangement is to directly or indirectly:

- alter the incidence of any tax that is payable or would otherwise have been payable by any person;
- relieve any person from any liability to pay tax or to make a return under the Singapore Income Tax Act; or
- reduce or avoid any tax liability imposed or which would otherwise have been imposed on any person by the Singapore Income Tax Act.

Anti-treaty Shopping

A number of Singapore's tax treaties contain anti-treaty shopping provisions to prevent possible abuse.

Rulings

Taxpayers can obtain advance rulings from the IRAS. Such rulings are private and confidential.

Hybrid Instruments

Generally, the tax treatment of a hybrid instrument is determined by examination of the characteristics of the hybrid instrument. For an instrument that is regarded as debt, the distribution is tax deductible for the issuer (subject to the tax deductibility rules) and taxable for the investor (unless specifically exempted from

tax). For an instrument that is regarded as equity, the distribution made by a Singapore tax resident company is not tax deductible for the issuer and the dividend is exempted from tax for the investor.

Hybrid Entities

There are no special rules applicable to hybrid entities.

Related Business Factors

Forms of legal entities typically used for conducting business

The main types of entities used for conducting business in Singapore include sole proprietorship, partnership, limited liability company and joint venture.

1.2 Determination of taxable income and deductible expenses

1.2.1 *Income*

General

The taxable income for a YA is determined by subtracting allowable tax deductions from assessable income. Assessable income includes gains or profits from any trade or business, income from investments such as dividends, interest and rental, royalties, premiums and any other profits from property and other gains of an income nature.

Branch Income

For Singapore tax purposes, a branch of a foreign corporation is generally taxed no differently from a resident company. However, as most Singapore branches are regarded as non-resident of Singapore for tax purposes, the Singapore branch will not be able to avail itself of any tax benefits accorded under the Singapore tax treaties, qualify for any unilateral tax relief provisions nor foreign income tax exemption.

Capital Gains

There is no capital gains tax in Singapore. However, where a gain is considered to be revenue in nature, such gain could be subject to tax in Singapore.

There is also a safe harbour rule that provides upfront non-taxation certainty on gains derived by a company from the disposal of ordinary share investments during the period 1 June 2012 to 31 May 2022, provided certain conditions are met.

Dividend Income

Singapore adopts a one-tier corporate tax system whereby tax at the corporate level (i.e. any underlying tax) is the final tax. Accordingly, dividends paid by Singapore tax resident companies are exempt from further Singapore tax in the hands of its shareholders.

Generally, foreign dividends would be taxable at the prevailing corporate income tax rate in Singapore upon remittance/deemed remittance into Singapore. Foreign tax credit may be available for any withholding tax suffered, subject to the meeting of certain conditions. Provided certain conditions are met, foreign-sourced dividends may also be tax exempt in Singapore.

Interest Income

Generally, interest income accrued in Singapore is taxable when it becomes due and payable. On the other hand, foreign interest income is taxable in Singapore when it is remitted/deemed remitted into Singapore. Certain qualifying interest income may also qualify for tax exemption.

Other Significant Items

Where the pricing of related party transactions is not at arm's length and results in reduced profit for the Singapore taxpayer, IRAS is empowered to make transfer pricing adjustment to raise additional tax or disallow any taxpayer-initiated unilateral downward adjustment to income from related parties.

1.2.2 *Expenses*

General

Generally, tax deductions are allowed for expenses incurred wholly and exclusively in the production of income. Expenses of a capital, private or domestic nature and expenses incurred prior to the commencement or after the cessation of a business are not tax deductible. In addition, deductions are not allowed for expenses that are specifically prohibited by the Singapore Income Tax Act.

Minimum Taxation Requirements for the Deductibility of Losses

None

Capital Losses

Capital losses are not tax deductible.

Carry Forward

See section on “Tax Losses”.

Carry Back

See section on “Tax Losses”.

Bad Debts

Impairment losses or bad debts are generally tax deductible if the debts relate to the trade/business and are revenue in nature.

Change of Control Rules

Any carry-forward and carry-back of unutilised losses, capital allowances and donations, are subject to the shareholder’s continuity test. The test is satisfied if there is no substantial change (i.e. 50% or more) in the ultimate shareholders and their shareholdings as at the stipulated relevant dates.

Depreciation/Capital Allowance

Capital allowances are generally granted (in place of depreciation) on qualifying plant and machineries, over a three-year write off, at 33 1/3% per YA. Certain qualifying expenditure (e.g. computers and prescribed automation equipment and low value assets) may qualify for 100% write off in one year, subject to meeting conditions.

Capital expenditure incurred on acquiring approved intellectual property rights up to the YA 2020 may subject to meeting certain conditions be written off over 5, 10 or 15 years on a straight-line basis.

Double Deductions

A double tax deduction is available for expenses relating to approved trade fairs, exhibitions, trade missions or the maintenance of overseas trade offices and for the overseas investment development expenses under the Double Tax Deduction for Internationalisation Scheme.

Interest Expenses

Interest expenses incurred on loans or borrowings taken to finance income-producing assets are tax deductible, if they are incurred wholly and exclusively in the production of income. Interest expenses relating to non-income producing assets, on the other hand, are not tax deductible.

When a company has any interest expenses applicable to non-income producing assets, it has to make interest adjustments in its tax computation. The IRAS typically computes the interest adjustments using the total asset method.

Inventories

A general provision for obsolete stocks is not tax deductible, but a provision made for specific obsolete stock may be allowed.

Other Significant Items

See section on “Other significant items” under 1.2.1 Income.

1.3 Tax Compliance

Compliance Requirements

Income chargeable to Singapore tax is assessed on a preceding financial year basis and the due date for companies to file the income tax return (Form C or C-S) is 30 November (for paper file) or 15 December (for e-file) of the year following the financial year. As an example, income derived by a company in its accounting year ended on 30 June 2017 would be assessed in YA 2018. The deadline to file its income tax return for the YA 2018 is on 30 November 2018 (for paper file) or 15 December 2018 (for e-file).

Mandatory Electronic Filing

Mandatory e-filing of income tax returns (including estimated chargeable income (ECI), Form C and Form C-S) are implemented in stages as follows:

- a) YA 2018 – companies with turnover of more than \$10m in YA 2017
- b) YA 2019 – companies with turnover of more than \$1m in YA 2018
- c) YA 2020 – all companies.

Requirement to Prepare Tax computation / Return in Functional Currency

For companies that prepare their financial statements in non-SGD functional currencies, all items in the tax computation up to the chargeable income (after applying the relevant partial tax exemption) should be in the non-SGD functional currencies.

For the purposes of completing the income tax return, the income tax return and relevant appendices must be completed in SGD. Companies that prepare their financial statements and tax computations in non-SGD functional currencies are required to translate the relevant non-SGD items into SGD equivalent amounts using the average exchange rate for the YA concerned.

Documents to File with Tax Return

The following documents are to be submitted when filing corporate income tax return (Form C):

- Audited/unaudited financial statements
- Tax computation, detailed profit and loss statement and supporting schedules
- Relevant claim forms (e.g. group relief form, R&D claim form etc.)

Companies that meet certain stipulated qualifying conditions may file a simplified 3-page income tax return (Form C-S). The abovementioned documents may be retained and submitted only upon the IRAS' request.

Exemptions to File Audited Financial Statements with Returns

Under the Companies Act, the following companies are not required to have their financial statements audited:

- A dormant company – a company which does not have accounting transactions or business activities; and
- A company that meets the “small company” criteria. A company qualifies as a “small company” if:
 - It is a private company for the financial year in question (i.e. it is owned by 50 members or less); and
 - It meets at least 2 of the following 3 quantitative criteria for immediate past two financial years:
 - a) total annual revenue not more than \$10 million
 - b) total assets not more than \$10 million
 - c) number of employees not more than 50.

Language to File Return, Computation and Supporting Documentation(s)

English

Filing Extension Availability and Details

None

Payment of Estimated Tax

Upon submission of the company's ECI to the IRAS, the Notice of Assessment will be issued to the company which sets out the amount of tax to be paid. The tax must be paid within 1 month from the date of the Notice, unless the company is under the IRAS' instalment (GIRO) plan.

Interim Tax Returns

Companies are required to file their ECI within 3 months from the end of their financial year, unless they qualify for the ECI waiver criteria or they are entities that are specifically not required to file ECI.

Payment of Tax

Any additional tax must be paid within 1 month from the date of the notice of assessment, notwithstanding any objection lodged against the assessment.

Penalties for Non-compliance

A company which fails to give notice of chargeability and/or fails to file a return (ECI/ Form C/ Form C-S) within the stipulated time is liable on conviction to a fine of up to SGD 1,000 and in default of payment to imprisonment for up to 6 months. Heavier penalties may apply for a second or subsequent conviction.

A company which fails to furnish information as requested by IRAS is liable on conviction to a fine of up to SGD 10,000 and/or 12 months' imprisonment, with an additional penalty of SGD 100 per day for each day the offence continues upon conviction.

Any company which files a return with an error/omission without any intention to evade taxes is liable on conviction to a penalty up to 200% of the amount of tax undercharged and to a fine of up to SGD 5,000 and/or imprisonment for up to 3 years. Heavier penalties may be imposed where the error/omission in the tax return is made with wilful intention to evade taxes.

Penalties and/or Interest for Underpayment of Taxes

If payment is not received by the due date, a 5% penalty and subsequently an additional 1% penalty will be imposed for every completed month (up to a maximum of 12% of the tax outstanding). If the tax continues to remain unpaid, IRAS may resort to legal remedies to recover the taxes.

Statute of Limitation

The statutory time limit for IRAS to raise an assessment or additional assessment is 4 years after the end of that YA. However, this statutory time limit will not apply to cases where fraud is involved.

1.4 Financial Statements/Accounting

Details of Local Accountant Requirements

Companies must prepare financial statements in accordance with Singapore Financial Reporting Standards.

Fiscal Year

Fiscal year refers to a period determined in accordance with the relevant law, but cannot exceed 1 year.

Periodicity of Local Books to be Closed

In principle, company's book should be closed at each financial year end and the financial statements should be prepared. In case of a publicly listed company, quarterly or half year closure of books is required and the financial statements for the relevant period should be disclosed on Singapore Exchange.

Retention Period for Statutory Financial Statements/Working Papers

For accounting records, the company must retain proper records of the accounting records and supporting documents for a period of 5 years from the relevant financial year.

Requirements to Retain Physical Copies Locally/Electronically Stored Data to Reside on In-country Server

Accounting and other financial records shall be kept at the registered office of the company or such other place the directors think fit.

If they are kept by the company at a place outside Singapore, there shall be sent to and kept at a place in Singapore and be all times open to inspection by the directors such statements and returns with respect to the business dealt with in the records.

Requirements to Prepare Financial Statements in Local Currency

There is no requirement to prepare the financial statements in SGD.

Under the Singapore Financial Reporting Standards, a company considers the following factors in determining its functional currency:

- the currency that mainly includes sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services
- the currency that mainly influences labour, material and other costs of providing goods or services.

The financial statements can be presented either in functional or presentation currency.

What GAAP must the Financial Statements be Prepared Under?

Companies must prepare financial statements in accordance with Singapore Financial Reporting Standards.

Prescribed Format and Details for Financial Statements

Under the Companies Act, a financial statements comprises of a profit and loss account for the period since the preceding account made up to date, a balance sheet as at the date to which the profit and loss account is made up, and consolidated financial statements, where applicable.

Under the Singapore Financial Reporting Standards, a complete set of financial statements comprises of a statement of financial position as at the end of the period; a statement of profit or loss and other comprehensive income for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising significant accounting policies and other explanatory information; and comparative information in respect of the preceding period.

Filing Due Date

For a public company listed or quoted on a securities exchange in Singapore: Accounts presented at the Annual General Meeting shall be made up to a date not more than 4 months before the Annual General Meeting.

In the case of any other company: Accounts presented at the Annual General Meeting shall be made up to a date not more than 6 months before the Annual General Meeting.

Filing Format of Financial Statements

The financial statements for prior business year should be presented in comparison to those of the current year.

Filing Extension Availability and Details

If the company is unable to keep to the timeline, the company should make an application to the Accounting and Corporate Regulatory Authority ('ACRA') for extension of time before the expiry of the due date to hold Annual General Meeting. Since the law requires that a company must hold its Annual General Meeting on time, ACRA will generally not grant more than 60 days of extension.

1.5 Incentives

Intellectual Property Incentives

For the YAs 2011 to 2018, companies can claim enhanced tax allowances / deductions for acquisition or licensing costs (from YA 2013), or costs for protection of intellectual property as follows:

- 400% tax allowance / deduction for the first SGD 400,000 of qualifying expenditure incurred per YA.
- 100% tax allowance / deduction for the balance of expenditure.

The PIC+ scheme for small and medium enterprises ('SMEs') grants a qualifying SME an additional SGD 200,000 to the qualifying expenditure cap for each assessment year from YAs 2015 to 2018, subject to meeting certain conditions.

With effect from 1 July 2018, companies can apply for concessionary tax rate on qualifying intellectual property income under the new Intellectual Property Development Incentive that incorporates the BEPS-compliant modified nexus approach to encourage the exploitation of intellectual property arising from R&D activities.

R&D Incentives

Singapore has an R&D tax incentive regime which provides for enhanced R&D deductions. The R&D incentive regime applies to all industry sectors and businesses of all sizes (regardless of ownership) provided that they can demonstrate that the projects meet the definition of 'R&D' for tax purposes.

For YAs 2011 to 2018, companies can claim enhanced tax deduction for qualifying expenditure on R&D as follows:

- 400% tax deduction for the first SGD 400,000 of qualifying expenditure incurred per YA
- 150% tax deduction for the balance of expenditure.

Under the PIC+ scheme, a qualifying SME is granted an additional SGD 200,000 to the qualifying expenditure cap for each assessment year from YAs 2015 to 2018, subject to meeting certain conditions.

For YAs 2019 to 2025, companies can claim 250% tax deduction for qualifying expenditure on R&D incurred per YA. There is no qualifying expenditure cap.

Special Tax Regimes for Specific Industries or Sectors

Singapore has special tax regimes to provide tax exemptions or reduced tax rates for some industries or sectors including banking, fund management, insurance, shipping and leasing, subject to the meeting of stipulated conditions and approval by relevant government agencies, where applicable.

Other Incentives

Singapore grants tax incentives for activities that enhance its economic or technological development. The incentives are available to a wide spectrum of industries and cover the main areas of manufacturing and services, shipping, trading, investment and financial services. The incentives are usually in the form of an exemption from tax or a reduction in the rate of tax applicable

1.6 International Taxation

Double Taxation Relief

Under the Singapore Income Tax Act, Singapore tax residents are eligible to claim foreign tax credit in the form of Double Taxation Relief or Unilateral Tax Credit. The foreign tax credit granted is limited to the lower of the foreign tax paid or the Singapore tax that would have been payable on the foreign income. Subject to meeting stipulated conditions, an election to claim foreign tax credit on a pooled basis can be made. Under the Foreign Tax Credit Pooling system, the foreign tax credit granted is the lower of the total Singapore tax payable on the pooled foreign income and the pooled foreign taxes paid on the same income.

Foreign-exchange Controls

There is no foreign-exchange controls in Singapore.

International Withholding Tax Rates

Dividends are not subject to withholding tax whether paid to a resident or non-resident.

Withholding tax, at the appropriate rate, is payable if the following payments are made to non-residents:

- **Royalties or other payments for the use or right to use any movable property, scientific, technical, industrial or commercial knowledge or information** – 10%. This is the case if the income is not derived by a non-resident through operations carried out in Singapore; otherwise the withholding tax rate is 22% (for individuals) or prevailing corporate tax rate (for non-individuals).
- **Interest, commissions, fees or any other payments in connection with or relating to any loan or indebtedness or with any arrangement, management, guarantee or service relating to any loan or indebtedness, where such arrangements, management, guarantees or services are rendered in Singapore** – 15%. This is the case if the income is not derived by a non-resident through operations carried out in Singapore; otherwise the withholding tax rate is 22% (for individuals) or prevailing corporate tax rate (for non-individuals).
- **Any payment for assistance or services rendered in Singapore in connection with the application or use of scientific, technical, industrial or commercial knowledge or information** - subject to withholding tax at the prevailing corporate tax rate for the year when the services were provided. For payments made to non-resident individuals, withholding tax rate is 22%.
- **Any payment for the management or assistance in the management of any trade, business or profession where the services are rendered in Singapore** - subject to withholding tax at the prevailing corporate tax rate for the year when the services were provided. For payments made to non-resident individuals, withholding tax rate is 22%.
- **Rent or other payments under any agreement or arrangement for the use of any movable property** – 15% on the gross payment, if the income is not derived by a non-resident through operations carried out in Singapore. Otherwise, the withholding tax rate is 22% (for individuals) or prevailing corporate tax rate (for non-individuals).
- **Director's remuneration** – 22%.
- **Any payment for services rendered in Singapore by non-resident professionals** – 15% on gross income, or 22% on net income, depending on which option is exercised.
- **Payment to a non-resident public entertainer for services performed in Singapore** – 10% if the income for the services is due and payable during the period from 22 February 2010 to 31 March 2020; otherwise, the withholding tax rate is 15%.
- **Proceeds from sale of real property by a non-resident property trader** – 15%.
- **Distribution of taxable income made during the period from 18 February 2005 to 31 March 2020 by real estate investment trust (REIT) to non-resident unit holder (other than an individual)** – 10%.

The rate of withholding tax on the above mentioned payments may be reduced in accordance with the provisions of the respective tax treaties (please refer to section on Withholding tax rates under the Income Tax Treaties).

Withholding Tax Rates under the Income Tax Treaties

Treaty Withholding Rates Table				
	Dividends		Interest	Royalties
	Individuals, companies	Qualifying companies		
	(%)	(%)	(%)	(%)
Domestic Rates				
Companies:	0	0	15	10
Individuals:	0	n/a	15/22	10/22
Treaty Rates (Note)				
Albania	5	5	5	5
Australia	15	15	10	10
Austria	10	0	5	5
Bahrain	0	0	5	5
Bangladesh	15	15	10	10
Barbados	0	0	12	8
Belarus	5	5	0/5	5
Belgium	15	0/5	0/5	5
Brunei	10	10	5/10	10
Bulgaria	5	5	5	5
Cambodia	10	10	10	10
Canada	15	15	15	15
China (People's Rep.)	10	5	7/10	10
Cyprus	0	0	7/10	10
Czech Republic	5	5	0	0/5/10
Denmark	5/10	0	10	10
Ecuador	5	5	0/10	10
Egypt	15	15	15	15
Estonia	10	5	10	7.5

Treaty Rates (Note)				
Ethiopia	5	5	5	5
Fiji	15	5	10	10
Finland	10	5	5	5
France	15	5	10	0
Georgia	0	0	0	0
Germany	15	5	8	8
Guernsey	0	0	12	8
Hungary	10	5	5	5
India	15	10	10/15	10
Indonesia	15	10	10	15
Ireland	0	0	5	5
Isle of Man	0	0	12	8
Israel	10	5	7	5
Italy	10	10	12.5	15/20
Japan	15	5	10	10
Jersey	0	0	12	8
Kazakhstan	10	5	10	10
Korea (Rep.)	15	10	10	15
Kuwait	0	0	7	10
Laos	8	5	5	5
Latvia	10	5	10	7.5
Libya	10	0/5	5	5
Liechtenstein	0	0	12	8
Lithuania	10	5	10	7.5
Luxembourg	0	0	0	7
Malaysia	10	5	10	8
Malta	0	0	7/10	10
Mauritius	0	0	0	0
Mexico	0	0	5/15	10

Treaty Rates (Note)				
Mongolia	10	5	5/10	5
Morocco	10	8	10	10
Myanmar	10	5	8/10	10/15
Netherlands	15	0	10	0
New Zealand	15	5	10	5
Norway	15	5	7	7
Oman	5	5	7	8
Pakistan	10/12.5/15	10/12.5/15	12.5	10
Panama	5	4	0/5	5
Papua New Guinea	15	15	10	10
Philippines	25	15	15	0/25
Poland	10	5	5	2/5
Portugal	10	10	10	10
Qatar	0	0	5	10
Romania	5	5	5	5
Russia	10	5	0	5
Rwanda	7.5	7.5	10	10
San Marino	0	0	12	8
Saudi Arabia	5	5	5	8
Seychelles	0	0	12	8
Slovak Republic	10	5	0	10
Slovenia	5	5	5	5
South Africa	10	5	0/7.5	5
Spain	5	0/5	0/5	5
Sri Lanka	10	7.5	10	10
Sweden	15	10	10/15	0
Switzerland	15	5	5	5
Taiwan	–	–	–	15

Treaty Rates (Note)				
Thailand	10	10	10/15	5/8/10
Turkey	15	10	7.5/10	10
Ukraine	15	5	10	7.5
United Arab Emirates	0	0	0	5
United Kingdom	0/15	0/15	0/5	8
Uruguay	10	5	10	5/10
Uzbekistan	5	5	5	8
Vietnam	12.5	5/7	10	5/10

Note - Different treaty rates apply depending on the conditions specified in the treaty.

Source:

IBFD (https://online.ibfd.org/document/wht_sg)

IRAS (<https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/List-of-DTAs--limited-treaties-and-EOI-arrangements/>)

Other Agreements

Singapore signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ('MLI') on 7 June 2017. Singapore has released its provisional list of its income tax treaties to be amended by the MLI. These income tax treaties will only be amended if its treaty partners also choose to amend the income tax treaty using the MLI.

Income Tax Treaties for the Avoidance of Double Taxation (Negotiated, not yet in force at time of publication)

New treaties and protocols have been negotiated and signed with Brazil, Ghana, Kenya, Latvia, Nigeria, and Tunisia but are not in force at the time of writing (June 2018).

Source: IRAS

(<https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/List-of-DTAs--limited-treaties-and-EOI-arrangements/>).

Under Negotiation or Re negotiation

None

Tax Treaties with Limited Application

As of June 2018: Bahrain, Brazil, Chile, Hong Kong, Oman, Saudi Arabia, United Arab Emirates and United States of America

Agreements for the Exchange of Information

In force: As of June 2018: Bermuda

Indirect Offshore Disposal Rules

Such rules are silent in Singapore.

2 Transfer Pricing

Requirements

Transaction with related non-resident parties

In October 2017, Singapore introduced expanded transfer pricing legislation under the Singapore Income Tax Act. Accompanying subsidiary legislation (Rules) as well as the fifth edition of the transfer pricing guidelines (TPG5) was also released in February 2018. While contemporaneous transfer pricing documentation has been required in Singapore since 2015, the requirement is formally legislated with corresponding penalties introduced for non-compliance under the new Section 34F of the Singapore Income Tax Act, which is effective from the YA 2019. The Rules provided additional detail (e.g. requisite content) on the documentation requirements. The TPG5 was significantly expanded from previous editions for alignment with the Singapore Income Tax Act and Rules as well as to provide administrative guidance to taxpayers.

Based on the newly introduced Section 34E of Singapore Income Tax Act which is effective from YA 2019, a 5% surcharge will be levied on the amount of transfer pricing adjustments made by the IRAS, rather than the tax arising from the adjustments. This means that the surcharge will be payable regardless of whether the taxpayer is in a tax paying position. Specific transfer pricing penalties have also been introduced under the new Section 34F of Singapore Income Tax Act. The above legislated requirements and specific transfer pricing penalties have been introduced to foster adherence and sound transfer pricing practices. Together with the power to re-characterise transactions through the expanded Section 34D of the Singapore Income Tax Act, Singapore has become one of the stricter countries globally on transfer pricing enforcement.

Various exemption criteria under which detailed transfer pricing documentation is not required are provided under the Rules which is effective from YA 2019. The exemptions include small companies with annual gross revenue of less than SGD 10 million, or related-party transaction volumes that do not exceed specified low-value thresholds, situations where the risk of tax revenue leakage is relatively small, and/or in situations where a safe harbour can be applied (e.g. routine management support services commonly provided intra-group).

Singapore has introduced simplified transfer pricing documentation effective from YA 2019 whereby qualifying past transfer pricing documentation prepared in the preceding financial year(s) could be used for the current financial year attached with a declaration. However, this is subject to the fulfilment of various criteria, based on no significant change having occurred in the company's facts and circumstances.

Transaction with related resident parties

Taxpayers are exempted from preparing transfer pricing documentation for transactions undertaken with a related party in Singapore and such a local transaction (excluding a related party loan) is subject to the same Singapore tax rate for both parties.

Taxpayers are also exempted from preparing transfer pricing documentation for related party domestic loans whereby the lender is not in the business of borrowing and lending money.

Country-by-Country Reporting

On 5 February 2018, the Country-by-Country Reporting ('CbCR') Rules were published as a Subsidiary Legislation Supplement to the Singapore Income Tax Act. The CbCR Rules are applicable for any accounting period beginning on or after 1 January 2017, and require that Singapore-resident ultimate parent entities of Multinational Enterprise groups with consolidated revenues of at least SGD 1.125 billion are required to submit a Country-by-Country (CbC) Report to the local tax authority no longer than 12 months after the end of the accounting period.

Master and Local Files Reporting

Singapore has not formally adopted the OECD Master and Local File requirements under the 2017 OECD Transfer Pricing Guidelines. However, the information requirements under the Rules have some consistencies with the OECD Master File and Local File requirements under BEPS Action 13, albeit not identical. The Rules significantly expand the information requirements in new areas, as well as requiring more granular details for many items.

Common Reporting Standard

Automatic exchange of information ('AEOI') based on the Common Reporting Standard ('CRS') refers to the regular exchange of financial account information between jurisdictions for tax purposes, with the objective of detecting and deterring tax evasion by taxpayers through the use of offshore bank accounts.

The CRS is an internationally agreed standard for AEOI on financial account information, endorsed by the OECD and the Global Forum for Transparency and Exchange of Information for Tax Purposes. The CRS sets out the financial account information to be exchanged, the financial institutions (FIs) required to report, the different types of accounts and taxpayers covered, as well as the customer due diligence procedures to be followed by FIs. The CRS builds on the FATCA reporting regime to maximise efficiency and reduce costs for implementing jurisdictions and their FIs. More than 100 jurisdictions, including major financial centres such as Dubai, Hong Kong, Luxembourg and Switzerland, have endorsed the CRS and will commence AEOI in either 2017 or 2018.

The Income Tax (International Tax Compliance Agreement) (Common Reporting Standard) Regulations 2016 ("Singapore CRS Regulations") were enacted as part of the Singapore Income Tax Act and came into operation on 1 January 2017. As of April 2018, Singapore has entered into bilateral or multilateral agreement with more than 50 jurisdictions, with the first exchange of information to take place by September 2018.

3 Indirect Tax

Indirect Tax

Goods and Services Tax — GST

Standard Rate

7%.

Certain goods and services are zero-rated or exempt from GST.

Further Information

For more detailed information regarding Singapore's GST, refer to:

[KPMG's 2017 Asia Pacific Indirect Tax Country Guide](#)

4 Personal Taxation

Income Tax

Personal income tax

Top Rate

A resident is taxed on chargeable income (assessable income less personal relief) at graduated rates ranging from 0% to 22%.

Employment income of a non-resident is taxed at a flat rate of 15% or at resident tax rates, whichever is higher. Other income of a non-resident individual is generally taxed at 22% unless specifically exempt or subject to a reduced treaty rate.

Social Security

The Central Provident Fund ('CPF') is a statutory national pension scheme to provide for old age retirement in Singapore. The scheme is only meant for Singapore citizens and permanent residents, and contributions to the fund from both employer and employee are compulsory for all participants of the scheme who are working in Singapore. Both the employer and the employee are required to contribute to the CPF at the prescribed rates (subject to capping limits) on the employee's wages.

International Social Security Agreements

None

Central Provident Fund

See section on "Social Security".

Visa Requirements

Foreigners travelling to Singapore on social visit will be granted a Short Term Visit Pass (normally between 30-90 days) subject to the approval of the Immigration & Checkpoints Authority ('ICA') officers at the point of entry to Singapore. In addition, foreigners holding travel documents from certain countries may need to apply for an Entry Visa prior to their travel to Singapore.

Any foreigners who wish to work in Singapore would generally have to apply to the Work Pass Division, Ministry of Manpower ('MOM') Singapore, for the appropriate work passes to enable the individual to take up an employment in Singapore.

Further Information

For more detailed personal taxation information, refer to:

[KPMG's Thinking Beyond Borders](#)

[KPMG's Singapore – Income Tax](#)

5 Other Taxes

Stamp Duty

Stamp duty is payable on documents relating to immovable properties and shares, as described in the Stamp Duties Act. The rate of ad valorem duty imposed depends on the nature of the documents.

Transactions involving shares

Ad valorem stamp duty is payable at the rate of 0.2% on the value of the shares or the consideration, whichever is the higher.

In addition to the above 0.2% stamp duty, certain acquisitions or disposals of equity interests in residential PHE attract ACD.

The rates of ACD for buyers are:

- Graduated rate of 1% to 4% of the market value of the underlying residential property; together with
- Flat rate of 30% (15% before 6 July 2018) of the market value of the underlying residential property.

The rate of ACD for sellers (where equity interest is disposed of within 3 years of acquisition) is 12% of the market value of the underlying residential property.

Transactions involving immovable properties

For non-residential properties, buyer's ad valorem stamp duty is payable at the graduated rates of 1% to 3% on the market value of the real property or the consideration, whichever is higher.

For residential properties, buyer's ad valorem stamp duty is payable at the graduated rates of 1% to 4% on the market value of the real property or the consideration, whichever is higher. Additional buyer's stamp duty of up to 30% (15% before 6 July 2018) may apply to the acquisition of residential properties, depending on the profile of the buyer. Housing developers may qualify for a remission of 25% of the additional buyer's stamp duty, subject to conditions.

Seller's stamp duty of up to 16% may be imposed where residential properties are sold within 4 years of purchase (or up to 12% if sold within 3 years if purchased from 11 March 2017). Seller's stamp duty of up to 15% also applies to industrial properties sold within 3 years of purchase.

Branch Tax

The chargeable income of a Singapore branch of a foreign corporation is subject to the prevailing corporate tax rate of 17%.

Property Taxes

Property tax is assessed on immovable property and is payable by the owner.

It is computed as a percentage of the annual value of all houses, land, buildings and tenements. The current rate of property tax is 10%.

From 1 January 2015, the following progressive tax rates apply to residential properties (excluding residential land and owner-occupied residential properties):

Annual Value (SGD)	Effective 1 Jan 2015
First 30,000	10%
Next 15,000	12%
Next 15,000	14%
Next 15,000	16%
Next 15,000	18%
In excess of 90,000	20%

From 1 January 2015, the following progressive tax rates apply for owner-occupied homes:

Annual Value (SGD)	Effective 1 Jan 2015
First 8,000	0%
Next 47,000	4%
Next 15,000	6%
Next 15,000	8%
Next 15,000	10%
Next 15,000	12%
Next 15,000	14%
In excess of 130,000	16%

Capital Duty

The following fees are payable on the setting up of a new business:

- SGD 300 for the incorporation of a limited liability company;
- SGD 150 for the registration of a new limited liability partnership;
- SGD 50 for the registration of a sole proprietorship;
- SGD 600 for the companies without share capital, and those limited by guarantee; and
- SGD 15 for an approved name for the business.

Inheritance/Gift tax

There is no inheritance or gift tax in Singapore.

Foreign Worker Levy ('FWL')

An employer is required to pay monthly FWL to the MOM if it hires any foreign employees who are holding Work Permits or S-Passes.

Skills Development Levy ('SDL')

An employer is required to contribute SDL for all employees (up to the first SGD 4,500 of each employee's total monthly wages) and remits it to CPF Board (collecting agent). The levy rate is 0.25% of the monthly wages or SGD 2, whichever is greater. The SDL collected is channelled into the Skills Development Fund, which provides grants to companies that send their workers for training.

The SDL for foreign employees is in addition to the FWL payable to the MOM.

Carbon Tax

The carbon tax will be imposed at SGD 5 per tonne of carbon dioxide-equivalent (tCO₂e) of emissions. It is applicable on facilities producing 25,000 tCO₂e or more of emissions in a year.

Others

There are other taxes such as casino taxes.

6 Trade & Customs

6.1 Customs

Customs Duty

Singapore is effectively a duty-free port with import duties only on a limited number of items, being petroleum products, motor vehicles, tobacco products, and liquors. The rates of duties are either specific or ad valorem. No duties are imposed on exports from Singapore.

Excise Duty

Excise duty is duty levied on goods manufactured in, or imported into, Singapore.

6.2 Free Trade Agreements (FTA)

In Force

Australia	Japan (JSEPA)	Peru
China	Republic of Korea	Sri Lanka
Costa Rica	New Zealand (ANZSCEP)	Turkey
India (CECA)	Panama	United States

European – Iceland, Liechtenstein, Norway, Switzerland

Gulf Co-operation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)

Trans-Pacific SEP - Brunei, Chile, New Zealand

ASEAN – Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand, Vietnam

ASEAN – Australia – New Zealand

ASEAN - China

ASEAN – India

ASEAN – Japan

ASEAN - Korea

Concluded/Signed (pending Domestic Ratification)

European Union

Trans-Pacific Partnership – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Vietnam

In Negotiation

ASEAN - India (Services and Investment)

ASEAN – Japan (Services and Investment)

Eurasian Economic Union

Pacific Alliance – Singapore Free Trade Agreement



Regional Comprehensive Economic Partnership – Australia, Brunei, Cambodia, China, India, Indonesia, Japan, Korea (Republic of), Laos, Malaysia, Myanmar, New Zealand, Philippines, Thailand, Vietnam

Source: *Enterprise Singapore*

<https://ie.enterprisesg.gov.sg/trade-from-singapore/international-agreements/free-trade-agreements/singapore-fta>

7 Tax Authority

Tax Authority

Inland Revenue Authority of Singapore (IRAS)

[Link to Inland Revenue Authority of Singapore](#)

Tax Audit Activity

The IRAS adopts a risk-based approach to the selection of returns for audit. The focus of the IRAS is on improving the compliant behaviour of taxpayers. The IRAS has a systematic method of selecting companies for audit, with focus on companies and individuals that pose higher risk of non-compliance.

A typical tax audit process starts with the tax authority contacting the taxpayer by telephone or correspondence to inform that the taxpayer has been selected for an audit. This is followed by an interview for the tax authority to gain a better understanding of the taxpayer's business operations and accounting systems. Examination of books and records is done either at the taxpayer's premises or the tax authority's office. The scope of the audit is usually on the current YA but may be extended to cover earlier years.

Upon completion of the audit, the taxpayer will be informed of any adjustments to be made to the tax assessments and the respective notices of assessment, if any, will be issued to the taxpayer. The taxpayer will also be advised on the areas which need improvement so as to better comply with the tax laws.

Depending on the seriousness of errors or omissions discovered during tax audit, the IRAS can impose penalties of two or three times of the tax amount undercharged. In the case of serious fraudulent tax evasion, penalties of four times of the tax undercharged can be imposed. Taxpayers can also be prosecuted for fraudulent tax evasion with imprisonment terms of up to five years.

Appeals

A taxpayer has up to two months from the date of service of the Notice of Assessment to file a Notice of Objection.

Tax Governance

The IRAS has ongoing education campaigns and enforcement programmes to help taxpayers comply with tax obligations.

One such voluntary compliance initiative for GST is the Assisted Compliance Assurance Programme ('ACAP'), a compliance initiative for businesses to set up a robust GST Control Framework as part of good corporate governance. The other is the Assisted Self-help Kit (ASK), a comprehensive self-assessment compliance package to help businesses review correctness of GST submission and discover past GST errors early to qualify for IRAS' Voluntary Disclosure Programme.

The IRAS' Voluntary Disclosure Programme is aimed at encouraging taxpayers that have made errors in their tax returns to voluntarily disclose their errors and rectify those errors at reduced penalties. It applies to Income Tax, GST, Withholding Tax and Stamp Duty.

IRAS also has an Enhanced Taxpayer Relationship Programme that is aimed to build an open and collaborative taxpayer relationship through regular engagement with large companies.

Current Topics for Focus by Tax Authorities

Key focus areas for the tax authority are the following:

- Related party transactions; maintenance of contemporaneous transfer pricing documentation
- Timely and accurate filing of tax returns
- Abuse of productivity and innovation credit claims, group relief claims, any tax incentive schemes etc.



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