

# *Global Mobility Services:* Taxation of International Assignees - Singapore

*People and  
Organisation*

*Global Mobility  
Country Guide  
(Folio)*

*Creating value for  
your business  
through people*



Last Updated: January 2017

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

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# Country: Singapore

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Additional Country Folios can be located at the following website:  
**Global Mobility Country Guides**

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# *Introduction:*

## International assignees working in Singapore

Many expatriates working in Singapore seek our advice and assistance in personal tax planning and tax compliance matters. This includes reviewing their overseas tax burden to ensure that they are minimized. As a member of the PricewaterhouseCoopers firm, our contacts with overseas tax partners enable us to provide the required assistance in this area.

This folio has been prepared for the benefit of expatriates working in Singapore. It is intended to give readers a basic understanding of the

taxation laws in Singapore and is not intended to be comprehensive. Therefore, you should seek professional advice before acting on any of the matters contained in this folio.

Specific details of tax rates and allowances are also provided in this folio (see Appendix A and Appendix B for details). These represent the rules in effect as at the date of publication. Subsequent updates of tax rates and allowances are available in 'Tax Facts and Figures', a publication which is updated annually to provide the latest

information. The publication can be downloaded at <http://www.pwc.com/sg/tax>.

For assistance on expatriate tax matters or more details of our services, please contact one of the GM contacts listed at the end of the folio.

Note: All dollar figures denote Singapore dollars.

# Step 1:

## Understanding basic principles

### *The scope of taxation in Singapore*

1. Income tax is charged on income from an employment exercised in Singapore and on any income accrued in or derived from Singapore, regardless of the tax residency of the individual. The taxability of employment income depends on where the services are performed, not where the payment is made or where the employer is resident.
2. With effect from 1 January 2004, income derived from sources outside Singapore, even if received in Singapore (except for income received through a partnership in Singapore), is exempt from Singapore tax.

### *The tax year*

3. In Singapore, an individual's income of the preceding calendar year ('tax year') is assessed to tax in the following calendar year ('Year of Assessment'). For example, if an individual commenced his or her employment in Singapore in May 2017, the employment income derived

in the period May to December 2017 will be chargeable to tax in Year of Assessment ("YA") 2018.

### *Methods of calculating tax*

4. Resident individuals are entitled to personal reliefs (capped at S\$80,000 per year, with effect from Year of Assessment 2018) and are subject to graduated tax rates ranging from 0% to 22%.
5. Employment income derived by non-residents is subject to tax at the **higher** of 15% (with no personal reliefs) or at graduated tax rates (with personal reliefs). Non employment income derived by non-residents is subject to tax at a flat rate of 22%.
6. The income of a husband and wife is separately assessed and reported in tax returns issued to them.

### *Residence status*

7. Whether an individual is resident in Singapore for taxation purposes is determined by reference to qualitative tests and quantitative tests.

Under the quantitative test, an individual is 'tax resident in Singapore' for a whole year of assessment, if he/she resides or exercises an employment in Singapore for 183 days or more in the tax year.

8. Under the qualitative test, an individual who fails the quantitative test may still be treated as residents for tax purposes if they can prove to the Inland Revenue Authority of Singapore (IRAS) that they have a 'permanent home' in Singapore, and that their absence from Singapore is not inconsistent with a claim for continuing tax residence. This test is generally extended to Singapore citizens, who are generally treated as de facto tax residents, and to Singapore Permanent Residents, who can demonstrate their permanent links to Singapore.
9. There are also administrative concessions available which allow an individual to elect to be taxed as tax resident even if he does not qualify as a tax resident under the quantitative or qualitative rules. An expatriate employee who exercises employment in Singapore for a continuous

period of at least 183 days spanning two calendar years or more will be considered a

resident for all the years; irrespective of one's physical presence/employment period

being less than 183 days in either years.



# Step 2:

## Understanding the Singapore tax system

### Taxation of employment income

10. Income from employment exercised in Singapore is subject to tax, irrespective of where the income is paid, where the contract of employment is signed, and where the employer is located.
11. Employment income includes all amounts, whether in cash or kind, arising from an employment. Examples are salary, bonus, commission, overseas allowance, utility bills and income tax reimbursement. All these payments are taxable whether paid directly to an employee or on his/her behalf.
12. Non-cash benefits which are taxable include the use of a car, leave passage, accommodation, waiver of loans, stock purchase or stock savings plans and share options. However, certain concessions/exemptions are given to some of these benefits.
13. Relocation allowances are generally fully taxable; however, tax deduction may be available for relocation expenses, i.e. travel and moving of personal and household effects and 'settling-in expenses" incurred by the employee. Qualifying relocation expenses directly in relation to the move are generally not taxable.
14. It is important to note that remuneration, benefits-in-kind etc., are often taxable at the time when they are earned and generally not when they are actually paid or received, subject to certain exceptions.
15. Directors' fees and bonuses are subject to special rules. Directors' fees that are approved in arrears or in advance have different tax treatment and this should be further examined in order to determine the taxable event.
16. Bonuses can be categorised as contractual and non-contractual/discretionary bonuses. For tax purposes, contractual bonuses can further be categorised as those which are contingent upon conditions to be met and those which are not. As the tax treatment of the bonus is dependent on the underlying terms and conditions, it is important that this is analysed against the bonus tax rules in order to determine the correct tax treatment.
17. Certain concessions or exemption are available for employment income. They are (in brief):
  - Exemption for short term visiting employees – Singapore employment income of a short-term visiting employee who is not tax resident in Singapore is exempt from tax if his/her employment period in Singapore does not exceed 60 days during the calendar year. This exemption, however, does not apply to a public entertainer or to company director emoluments;
  - Area representatives of non-resident companies - Area representatives of non resident companies who reside in and use Singapore as a base for activities extending to other countries are assessed on the remuneration relating

- to the time actually spent in Singapore. To qualify for the area representative basis of taxation, certain qualifying conditions need to be met and a claim must be filed with and approved by the IRAS;
- Not Ordinarily Resident (NOR) scheme - NOR individuals are accorded the following favourable tax treatment during the qualifying period subject to the fulfilment of certain conditions:
    - o Exemption on employer's contribution to non-mandatory overseas pension or social security funds (up to a specified cap), subject to limitations<sup>1</sup>; and
    - o Time apportionment of Singapore employment income, subject to a minimum of 90 business days outside Singapore and a minimum effective tax rate of 10%<sup>2</sup> (computed on total employment income prior to

time-apportionment).

<sup>1</sup> The exemption is applicable only if the total remuneration of the individual (who are not Singapore Citizens/Singapore Permanent Residents) is at least S\$160,000 per annum and his employer does not claim

a corporate tax deduction of the qualifying contributions. The exemption does not apply to employees whose employers are an investment holding company, tax exempt body or a service company which adopts "cost plus mark-up" basis of tax assessment.

<sup>2</sup> The exemption is applicable only if the total remuneration of the individual is at least S\$160,000 per annum. If tax on apportioned income is less than 10% of the total employment income, the individual will still be subject to a base rate tax of 10% of his/her pre-apportioned total employment income. In addition, the income eligible for time-apportionment has been expanded to include benefits-in-kind and leave pay. However, director's fees and tax reimbursement (tax borne by employer) continue to be excluded.

### ***Sole proprietorship and partnership income***

18. Profits or gains from any trade, business, profession or vocation which are derived in Singapore are subject to tax, irrespective of the individual's tax residence status. Foreign-sourced income would generally be exempt from Singapore tax, unless the income is received through a partnership in Singapore.

### ***Investment income***

19. Singapore companies are required to distribute

dividends under the one-tier corporate tax system. This means dividends will be taxed at the corporate level and shareholders are not subject to further tax on the distribution of dividends. In essence, dividends paid by a Singapore company under the one-tier corporate tax system are exempt from tax in the hands of its shareholders.

20. In addition, certain types of interest received by an individual are exempt from income tax, such as interest on deposits with approved banks and approved finance companies in Singapore and on qualifying debt securities.

### ***Capital gains***

21. Capital gains are not taxable in Singapore, unless the individual is treated as a trader. Similarly, no deduction is allowed for losses or expenses of a capital nature.

### ***Double taxation relief***

22. For countries with which Singapore has concluded a double taxation agreement (refer to Appendix C); credit for all or part of the foreign tax against the tax assessed on the foreign income in Singapore may be granted.

23. Most treaties provide for exemption of non-resident individuals from tax on employment income if the individual is present in the

country for less than 183 days in the tax year, subject to certain conditions. In the absence of a tax treaty, Commonwealth or unilateral tax credits may be granted.

24. As foreign income is not taxable, double taxation generally does not occur very often. However, double taxation may still occur if Singapore sourced income is subject to tax in Singapore also in another country. In theory, double taxation should be resolved through mutual agreement by the two contracting countries; however, in practice, the IRAS may question such claims.

### **Retirement benefits**

25. CPF is the national pension scheme in Singapore and it provides a lump sum at the normal retirement age, consisting of past contributions as well as interest and other investment returns thereon. The scheme is only available to Singapore citizens and Permanent Residents [the Permanent

Resident status is an immigration (i.e. non-tax) status that is only granted on application].

26. Mandatory CPF contributions made by the employer are not taxable; mandatory employee contributions, as well as voluntary contributions for the self-employed, are generally deductible. Mandatory employer and employee contributions are subject to statutory monthly and annual limits. Contribution rates for employees and employers vary according to the age of the employee, and whether they have recently taken up Permanent Residence.
27. Voluntary CPF contributions made by the employer could, under certain circumstances, be considered a taxable benefit. Excess contributions are not permitted, and applications for refund of the excess contributions (where relevant) will need to be made to the CPF Board.
28. All retirement benefits other than Central Provident Fund

(CPF) benefits, including gratuities and pensions, are generally taxable. Partial/full exemption may be possible in specified cases.

29. The Supplementary Retirement Scheme (SRS) is a voluntary scheme, which individuals and their employers may contribute into, up to certain qualifying limits.

Qualifying contributions by an employer would be considered taxable as employment income, however the individual may claim a corresponding tax deduction on the employer's contribution. Qualifying personal contributions are also tax deductible for the individual.

50% of withdrawals from an SRS plan may tax exempt, depending on whether certain specified conditions have been fulfilled. A penalty for premature withdrawal will also be imposed, except under certain circumstances.

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# Step 3:

## What to do before you arrive in Singapore

### Work Pass

30. With the exception of the business visitor and Work Pass Exempt Activities categories as detailed below, all foreign nationals who intend to work in Singapore must obtain a valid Work Passes prior to commencing work. This is the case irrespective of where the individual is being remunerated or where their employment contract is signed. The duration of the assignment is also not a factor: strictly speaking, even if someone is coming to work for a day or two, an appropriate work pass may be required. There are various categories of work passes in Singapore. For foreign professionals, managers and executives, there are options of applying for the Employment Pass or the Personalised Employment Pass. The other types of passes would be the S Pass for mid-level skilled staff and Work Permit for semi-skilled foreigner workers.
31. For short trips, a foreign national may enter Singapore

as a "business visitor" provided:

- i. the scope of their activities is limited to:
    - Attending meetings and discussions (intercompany or with business partners);
    - Attending training courses, workshops, seminars and conferences as a participant;
    - Attending exhibitions as a trade visitor;
- and**
- ii. the activities to be performed do not involve a contract of service or a contract for service with a company in Singapore.

32. The Work Pass Exempt Activities (WPEA) scheme covers certain work activities that are of short duration and

sporadic in nature, and which require specialist skills or expertise that is generally not available in Singapore.

- The WPEA scheme allows foreigners to work for the length of their Short Term Visit Pass granted at the point of entry at immigration checkpoint. The total number of days cannot exceed a cumulative total of 90 days in a calendar year. It is also provided that the intended job activities fall under the following categories listed by the Ministry of Manpower:
- Organizing or conducting training, speaking or facilitating at a seminar, workshop or conference providing the subject matter does not include race, religion or politics
- Participation in any exhibition or trade fair as an exhibitor or trader

- The commissioning or audit of new plant or equipment
  - Providing specialized services relating to a new plant or equipment, or be involved in the transfer of knowledge on process of new operations in Singapore
  - Journalist activities supported by Singaporean government or any statutory board
  - Activities relating to sports competition, event or training supported by Singapore government or any statutory board
  - Arbitration or mediation services providing the subject matter does not include race, religion or politics
  - Activities relating directly to the organization, promotion or conduct of a junket in a casino by junket representatives and self-employed junket promoters based overseas
  - Facilitating of a tour by tour leaders/ facilitators employed by a foreign company
- Upon arrival in Singapore, the foreigner (or someone on their behalf) must complete an e-notification procedure online. Following submission, a letter of acknowledgement is issued which must be carried by the individual while in Singapore.
- For any activities not listed above, and 'work' is to be performed, it is required of the individual to obtain the appropriate work pass. Obviously there can be a fine line on whether the intended activity in Singapore requires a work pass or not.
- Prior to travelling, it is advisable for the company to seek professional guidance to assess on the appropriate pass/work authorization required.
33. If a foreigner's non-working spouse or children accompany him/her to Singapore and remain in Singapore, they must apply for Dependant Pass. If the accompanying dependants intend to work in Singapore, they may apply for a "Letter of Consent" with the approved Dependant Pass or secure a work pass separately through their own employer.
- The common-law spouse, step-child or handicapped child or parent of an eligible Employment Pass or S Pass holders may apply for a Long Term Visit Pass to reside in Singapore, provided specific requirements are met. If they later wish to work in Singapore, it will be necessary
- to cancel this pass and apply for their own work passes.
34. The application is submitted to the Singapore Ministry of Manpower and the processing time is approximately 1-2 weeks for applications submitted online.
- The following documents are generally required for the Employment Pass application:
- Application form;
  - A copy of the applicant's two highest educational documents/ certificates;
  - A copy of the travel document showing the applicant's personal particulars;
- \*If the above documents are not in English, an official translation will be required.
- For qualifications from India, transcripts and mark sheets are required. Verification proof from one of the Ministry of Manpower's recognised independent verification channels is required for diploma/degree qualifications from China.
- Employment contracts**
35. Employees with regional duties should consider whether they may qualify for either area representative status or NOR status, and the

respective concessionary tax treatment.

36. It is strongly recommended that the terms and conditions of employment are fully documented prior to arrival in Singapore, preferably in the form of legally enforceable contracts.
37. Dual employment ('DE') arrangements are closely monitored by the IRAS. Increasingly, as in other jurisdictions around the world, the IRAS is questioning whether the duties performed inside and outside Singapore are genuinely distinct and whether there is commercial and economic justification for the employment being so split. Although in principle, DE arrangements may be possible, it is important that such DE arrangements are commercially justifiable and not implemented purely for tax planning purposes.
38. Given the ever changing needs of companies to send its employees to various countries for a specific period of time, whilst still continuing to perform services at their current location, a partial secondment ('PS') may be a more feasible and attractive alternative to a DE arrangement. A PS may allow the employee and employer to have greater flexibility in terms of time spent in various locations to suit the company's

needs, as well as administrative and cost charging arrangements. Detailed advice should be sought to analyse the best employment arrangement suited for the company and the employees.

### ***Structuring the remuneration package***

39. Employees provided with a complete expatriate remuneration package will often receive overseas allowances and benefits such as compensation for the higher cost of living, etc., in addition to their regular remuneration. Alternatively, the employer may provide the employee with a gross remuneration package with the components of the package being left to the employee to structure.
40. In either case, it is essential that the relevant tax issues are considered prior to the determination of the remuneration package. Tax advantages may be obtained by the employee without increasing the overall cost to the employer. Some examples of components of an expatriate remuneration package are set out below.

### ***Accommodation provided by an employer***

41. Cash housing allowances are taxable in full.

42. The taxable benefit of any employer-provided accommodation is based on either:
- i. The AV of the property provided, plus imputed furniture and fittings calculated as either
    - a. 40% of the AV for partially furnished accommodation, or
    - b. 50% of the AV for fully furnished accommodation.
- Or
- ii. The full rental paid (with no separation of the furniture and fittings).
43. There may be potentially tax savings depending on whether the housing benefit is reported on an AV or "full rent" basis, however employers should note that once a decision is made on whether to calculate the taxable benefit using the AV plus percentage or actual rent costs, they should continue to apply that method for all employees, every year.
44. Where the employee is responsible for part of the accommodation cost provided by employer, the taxable benefit calculated may be reduced by the employee's contribution. If the

contribution exceeds the taxable benefit, the taxable benefit is regarded as nil.

### **Hotel accommodation**

45. The actual costs of employer-provided hotel accommodation in Singapore is considered a taxable benefit, even for business travellers.

### **Home Leave**

46. The taxable value of home leave passage paid by employer is 20% of the leave passage cost, restricted to:
- One home passage (to the employee or spouse's country of origin) per year for the employee and his/her spouse; and
  - Two home passages per year for each dependent child.

Additional home leave passage and non-home leave passage are taxable in full.

With effect from the Year of Assessment 2018, this tax concession will be removed and the full cost will be taxed in the hands of employees.

47. Singapore citizens and Permanent Residents are not eligible for the home leave concession.

### **Share Options**

48. Gains derived from share awards or options granted during Singapore employment or office in Singapore, are liable to tax when awards vests, or when options are exercised, assigned or released (collectively referred to as exercise in this document), and not on disposal of the shares.

49. Gains arising from share options granted prior to Singapore assignment are not taxable in Singapore.

50. The taxable "gain" is generally computed as the difference between the price paid by the employee for the shares (if any), and the open market value of the shares at the date on which the employee exercises his/her option. If the share plan rules restrict employees from selling their shares after vest/exercise, the taxing point may be deferred until such time that the moratorium (i.e. the sale restriction) is lifted.

51. Foreign employees who have been granted share awards/options during their Singapore employment, and whose Singapore employment ceases prior to vest/exercise of those Singapore-sourced share awards/options, will become subject to the "deemed exercise" rule. Under this rule, any unvested share

awards/unexercised options which had been granted during Singapore employment are deemed to have vested/been exercised one month prior to the date of cessation of employment or departure from Singapore (if the employee is leaving Singapore say, for an overseas secondment). A refund may be claimed within a prescribed period if the actual gain is less than the deemed gain that has been assessed.

52. If the employer elects to track the gains and is able to satisfy certain conditions, the deemed exercise rule may be waived, and instead foreign nationals who have left Singapore with unvested/unexercised shares awards would become taxable when the share awards vest/options are exercised.

53. Tax exemptions may be available to employees under certain incentive schemes, subject to satisfaction of the relevant conditions prescribed under these schemes. Many of these incentive schemes expired on 31 December 2013, however qualifying share awards/options which were granted prior to the relevant expiry date and met all the necessary qualifying conditions may still qualify for tax concessions when these vest/are exercised.

54. The treatment of other stock-related awards is generally

similar to the above; however the specific treatment may differ depending on features of the plan and specific advice should be sought in all instances.

### **Group insurance premiums**

- 55. Insurance premiums paid by the employer are subject to tax where the employer is under contractual obligation to disburse<sup>3</sup> the insurance payout (regardless of who the beneficiary is).
- 56. As an administrative concession, insurance premiums will be tax exempt in the hands of the employees, if the employer elects not to claim a corporate tax deduction for the group insurance premiums paid. This administrative concession does not apply to investment holding companies and service companies assessed on the “cost-plus mark-up” basis.
- 57. The tax treatment stated above does not cover medical/workmen/travel insurance premiums paid by the employer. Advice should be sought for the taxability of such insurance premiums.

### **Education benefits**

- 58. Expenses paid directly or indirectly by an employer in respect of the education of an employee's child are chargeable to tax.

### **Pension plans**

- 59. Employer’s contributions to a foreign or private pension plan are generally taxable as employment income. Employee contributions are not deductible.
- 60. As a concession, the IRAS has indicated that an employer's contribution to a mandatory social security scheme or pension scheme operated, regulated and supervised by the government of the employee’s home country would not be taxable on the employee, provided the contribution is mandatory even while the employee is working outside the country in question and the Singapore employer does not claim a corporate tax deduction for the contribution.
- 61. An employee who is granted Not Ordinarily Resident status may enjoy a limited tax concession in respect of their employer’s contributions into a non-mandatory overseas pension or social security scheme, provided the certain qualifying criteria are met.
- 62. The IRAS recently changed the above mentioned tax concession rules relating to employer contributions to overseas pension or social security schemes for certain types of corporate set-ups, which include investment holding companies, tax-

exempt bodies, and service companies.

Under the new rule, employees of investment holding companies or tax-exempt bodies will not be able to enjoy the concessionary tax treatment on the employer’s contributions to an overseas pension or social security scheme on or after 1 January 2014.

If the employee is employed by a service company and the service company adopts the ‘cost-plus mark-up’ basis of tax assessment, the employee will not be able to enjoy the concessionary tax treatment from 1 January 2015 onwards. Employees of service companies which prepares their tax computations based on the ‘normal trading company’ basis can continue to enjoy the concessionary tax treatment.

<sup>3</sup> The employer is under legal obligation to disburse this payout to the employee in the event of a claim. Such obligations may arise from for example, the terms and conditions of the employment contract, insurance policy, HR policy etc.

### **Compensation for loss of office**

- 63. Payments made for loss of office are generally not subject to tax. However, contractual termination bonuses, leave pay, notice pay and gratuities relating to past services are

treated as income subject to tax.

### ***Tax equalization or reimbursement plans***

64. Where an employee is tax equalised, the employer's commitment to pay the individual's personal tax liability may be perceived as a taxable benefit.

65. The benefit arising from tax equalisation may be reported in one of two ways:

- i. The amount total Singapore (and foreign tax, if any) paid/reimbursed by the employer may be recognised as a taxable benefit to the employee in the year in which the payments/reimbursements

are made. This may be offset by any hypothetical tax paid by the employee for that year.

- ii. By an in-year gross-up. Again, hypothetical tax paid by the employee may be used to offset the perceived benefit arising from tax equalisation.



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# Step 4:

## What to do when you arrive in Singapore

### *Activate your work pass (e.g. Employment Pass)*

66. The work pass (e.g. Employment Pass) must be issued before a foreign employee can commence work. As such, a foreign national must provide the necessary information/documents promptly after arrival, in order for the employer to request for the Pass to be issued.

### *Letter of Guarantee*

67. The IRAS may ask employees who are paid partially or wholly overseas, to provide a letter of guarantee from a local company or a bank to cover the estimated tax due on the employee's income. The letter of guarantee will be cancelled when the employee's tax is settled. Alternatively, if a letter of guarantee is not provided, the estimated tax would need to be paid in advance, and any excess payment/shortfall would be refunded/recovered by the IRAS after the actual income is assessed in the following year.



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# Step 5:

## What to do at the end of the year

### **Employer compensation reporting**

68. Employers are required to prepare a year-end return of remuneration (Form IRSE), to be e-filed directly to the IRAS by 1 March.
69. If the employer has employed fewer than 10 staff during the year, this year-end remuneration reporting form need not be e-filed, and instead may be provided to the employee in order for them to complete their personal tax return.

### **Tax return**

70. The IRAS will issue individual tax returns shortly after the end of the tax year. The return must be completed and submitted by April 15th of the Year of Assessment to the IRAS, unless an extended deadline is granted by the IRAS.

71. Individuals who do not receive their tax return are statutorily obliged to inform the IRAS of his/her chargeability at the soonest possible, and no later than April 14th following the tax year. Penalties may be imposed for failing to do so.

### **Notice of Assessment**

72. The IRAS will issue a Notice of Assessment to the employee shortly after their personal tax return has been processed. Any objection to the amount assessed must be made within 30 days from the date of the notice.
73. In the event that the amount assessed cannot be agreed between the taxpayer and the IRAS, further appeal to the Board of Review, the High Court and Court of Appeal may be possible. Notwithstanding any objection that may be lodged, the tax assessed must be paid within the stipulated deadline; unless arrangements have been made to pay the tax by instalments (refer to 75 below).

### **Payment of tax due**

74. A taxpayer can either pay the tax assessed within one month from the date of the Notice of Assessment (notwithstanding any objection) or elect to pay the tax due in monthly instalments up till the month of April.

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# Step 6:

## What to do when you leave Singapore

### **Tax clearance**

75. Employers must obtain tax clearance for foreign employees (including Singapore Permanent Residents) ceasing employment, leaving Singapore for an overseas posting, or leaving Singapore for any reason for more than 3 months. The employer must complete and submit tax clearance Form IR21 to the IRAS to report all employment income and benefits, including deemed stock gains for the year of cessation.

76. Form IR21 should be filed one month prior to cessation of Singapore employment or departure from Singapore, whichever is earlier. For foreign employees whose Singapore tax liability is fully borne by the employer, the IRAS will grant a 2-month extension from the cessation date for the Form IR21 to be submitted.

77. As part of the tax clearance process, employers are required to withhold all monies due to the employee from the day the employer is notified of the employee's

intention to cease employment, or when the employer decides to terminate the employment, or post the employee to an overseas location.

These funds can be released once tax clearance is obtained, or on expiry of 1 month from the date of submission of the Form IR21 (assuming the filing was within the deadline), whichever is earlier.

78. Tax clearance need not be obtained if the employee is a Singapore Permanent Resident who is not leaving Singapore permanently. To avail of this concession, the employer may obtain a Letter of Undertaking from such employee that he has no intention to leave Singapore permanently after cessation of employment with the company. However, this administrative concession does not apply to overseas postings.

79. With effect from 1 January 2016, tax clearance need not be obtained if the absence from Singapore is up to 6 months for the purposes of training, business purposes or

overseas posting, incidental to the Singapore employment (subject to meeting other qualifying conditions).

### **Deferred remuneration**

80. Remuneration earned in respect of services performed in Singapore which is paid after an employee's departure will still be considered taxable in Singapore. The employer will be required to submit an amended/additional Form IR21 (or Form IR8E) to report such remuneration to the IRAS.

### **Work pass (e.g. Employment Pass)**

81. The Employment and/or Dependent Passes should be cancelled within seven days upon cessation of employment before the employee and/or his/her family leaves Singapore.

### **CPF withdrawal**

82. An employee who has made compulsory CPF contributions can apply for withdrawal of the accumulated balance at the time of departure from Singapore (subject to certain special rules for Malaysia

Citizens). This is provided that the employee's departure from Singapore is intended to be permanent.

### ***Transferring funds abroad***

83. There are no restrictions on the movement of funds out of Singapore as there are no exchange control regulations. Individuals must report if they

(a) carry with them into or out of Singapore, (b) move into or out of Singapore through cargo, post or other means or

(c) receive from outside Singapore, physical currency or bearer negotiable instruments with a total value of exceeding SGD 20,000 (or its equivalent in a foreign currency).

This is not an exchange control measure but more a reporting requirement when the total value physically being moved exceeds the equivalent of SGD 20,000. This requirement does not apply to transfers of funds through normal banking channels.



# Appendix A:

## Rates of tax

### Resident rates

From the Years of Assessment 2017 (in S\$):

Taxable income over	Not over	Tax on Column 1	Percentage on excess
0	20,000	–	0.0%
20,000	30,000	–	2.0%
30,000	40,000	200	3.5%
40,000	80,000	550	7.0%
80,000	120,000	3,350	11.5%
120,000	160,000	7950	15.0%
160,000	200,000	13,950	18.0%
200,000	240,000	21,150	19.0%
240,000	280,000	28,750	19.5%
280,000	320,000	36,550	20.0%
320,000	and above	44,550	22.0%

### Non-resident rates

Employee's remuneration	15% (However, where the tax calculated on resident rates is higher, the resident rates are used)
<i>(Not more than 60 days) Short-term employee's remuneration</i>	NIL
Director's remuneration	22%
Entertainer's professional income	10%
Other professional income	15% (Non-resident professionals/foreign firms may make an irrevocable option to be taxed at 22% of net income)
<b>Other income (where not specifically exempt)</b>	<b>22%</b>

# Appendix B:

## Personal allowances

### Personal allowances (in S\$)

Standard tax reliefs – Regular (Handicapped)	
Below age 55	\$1,000 (\$4,000)
Age 55 to 59	\$6,000 (\$10,000)
Age 60 and above	\$8,000 (\$12,000)
Family members - Regular (Handicapped)	
Spouse Relief	\$2,000 (\$5,500)
Child Relief	\$4,000 (\$7,500)
Aged parent and grandparent <input type="checkbox"/> If living with the taxpayer	\$9,000 (\$14,000) each (subject to maximum of 2 dependents)
Aged parent and grandparent <input type="checkbox"/> Living in Singapore, but not with the taxpayer	\$5,500 (\$10,000) each (subject to maximum of 2 dependents)
Handicapped Sibling Relief	(\$5,500 each)
National Serviceman Relief	
Active reservist	\$3,000
Non-active reservist but completed National Service	\$1,500
Key appointment holders	\$2,000 in addition to the above
Wife and parents of NS men are also granted a relief.	\$750 each

### Notes

Spouse, Child, Parent and Handicapped Sibling relief are subject to conditions.

In addition, grandparent caregiver relief, working mother's child relief (WMCR) and parenthood tax rebates may be available for working mothers/parents of Singaporean children.

Other allowances/reliefs or deductions claimable, subject to conditions, are:

Life insurance premium (subject to capping rules);

Approved course fees (up to \$5,500);

Tax deductions on donations made to Institution for Public Character (IPC) and other approved recipients of 2.5 x the amount of donations.

Foreign maid levy relief of twice the amount of levy (only granted to working mothers);

CPF contributions, CPF top up and SRS contributions, subject to capping rules; and

National Servicemen, and their wives/parents, may also qualify for additional tax relief.

With effect from Year of Assessment 2018, the total amount of personal income tax reliefs that an individual may claim will be capped at \$80,000 per year.

# Appendix C:

## Double-taxation agreements

Countries with which Singapore has comprehensive double-taxation agreements:

Albania	Ireland	Papua New Guinea
Australia	Isle of Man	Philippines
Austria	Israel	Poland
Bahrain	Italy	Portugal
Bangladesh	Japan	Qatar
Barbados	Jersey	Rwanda
Belarus	Kazakhstan	Romania
Belgium	Kuwait	Russian Federation
Brunei	Laos	San Marino
Bulgaria	Latvia	Saudi Arabia
Canada	Libya	Seychelles
China, P.R.	Liechtenstein	Slovak Republic
Cyprus	Lithuania	Slovenia
Czech Republic	Luxembourg	South Africa
Denmark	Malaysia	South Korea
Ecuador	Malta	Spain
Egypt	Mauritius	Sri Lanka
Estonia	Mexico	Sweden
Fiji	Mongolia	Switzerland
Finland	Morocco	Taiwan R.O.C.
France	Myanmar	Thailand
Georgia	Netherlands	Turkey
Germany	New Zealand	Ukraine
Guernsey	Norway	United Arab Emirates
Hungary	Oman	United Kingdom
India	Pakistan	Uruguay
Indonesia	Panama	Uzbekistan

Vietnam

Countries with which Singapore has limited double-taxation agreements:

Bahrain

Hong Kong

United Arab Emirates

Brazil

Oman

United States of America

Chile

Saudi Arabia

Countries with which Singapore has exchange of information arrangements

Bermuda

Countries with which Singapore has signed double-taxation agreements but not yet ratified:

Cambodia

Ethiopia

Sri Lanka

# Appendix D:

## Typical tax computation

### Year of Assessment 2018

Base salary	100,000	100,000
Bonus	40,000	40,000
Cost of living allowance	20,000	20,000
Education/School fees	20,000	20,000
Cash allowance for home leave	0	10,000
Other allowance	5,000	5,000
Housing rental (see Note 1)	85,000	85,000
Car allowance	0	10,000
<b>Total remuneration</b>	<b>270,000</b>	<b>290,000</b>
Home leave (20% x 10,000)	2,000	0
Car benefit (see Note 2)	6,350	0
<b>Taxable income</b>	<b>278,350</b>	<b>290,000</b>
Less: Personal Relief		
Earned	(1,000)	(1,000)
	(2,000)	(2,000)
2 Dependent Children (under age 16)	(8,000)	(8,000)
<b>Chargeable income</b>	<b>267,350</b>	<b>279,000</b>
<b>Tax Payable (at resident rate)</b>	<b>34,083</b>	<b>36,355</b>

The taxable value of housing may be lower if the annual value and imputed furniture and fittings is lower, especially for high end apartments and serviced apartments. Such a cost benefit analysis needs to be undertaken separately.

Assuming new car costing S\$100,000 with open market value of S\$20,000, private mileage of 5,000 km and petrol is borne by employer.

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# Appendix E:

## Singapore contacts and offices

### Contacts

#### Sakaya Johns Rani

Tel: [65] 6236 3648

Fax: [65] 6236 3705

Email: [sakaya.johns.rani@sg.pwc.com](mailto:sakaya.johns.rani@sg.pwc.com)

#### Margaret Duong

Tel: [65] 6236 3958

Fax: [65] 6236 3705

Email: [margaret.duong@sg.pwc.com](mailto:margaret.duong@sg.pwc.com)

### Offices

PwC International Assignment Services (Singapore) Pte Ltd

8 Cross Street

PwC Building #17-00

Singapore 048424

Tel: [65] 6236 3388

Fax: [65] 6236 3705



