

# Singapore tax guide

This guide provides an overview of various aspects of Singapore's tax system including corporate tax, personal tax and goods and services tax (GST).



# Overview

## In an evolving global landscape, Singapore has retained its edge as a tax friendly nation by introducing timely and progressive tax policies.

The nation's market-friendly tax regime is designed to attract businesses and foreign professionals alike, thereby making it one of the top-ranked economies for investment and employment.

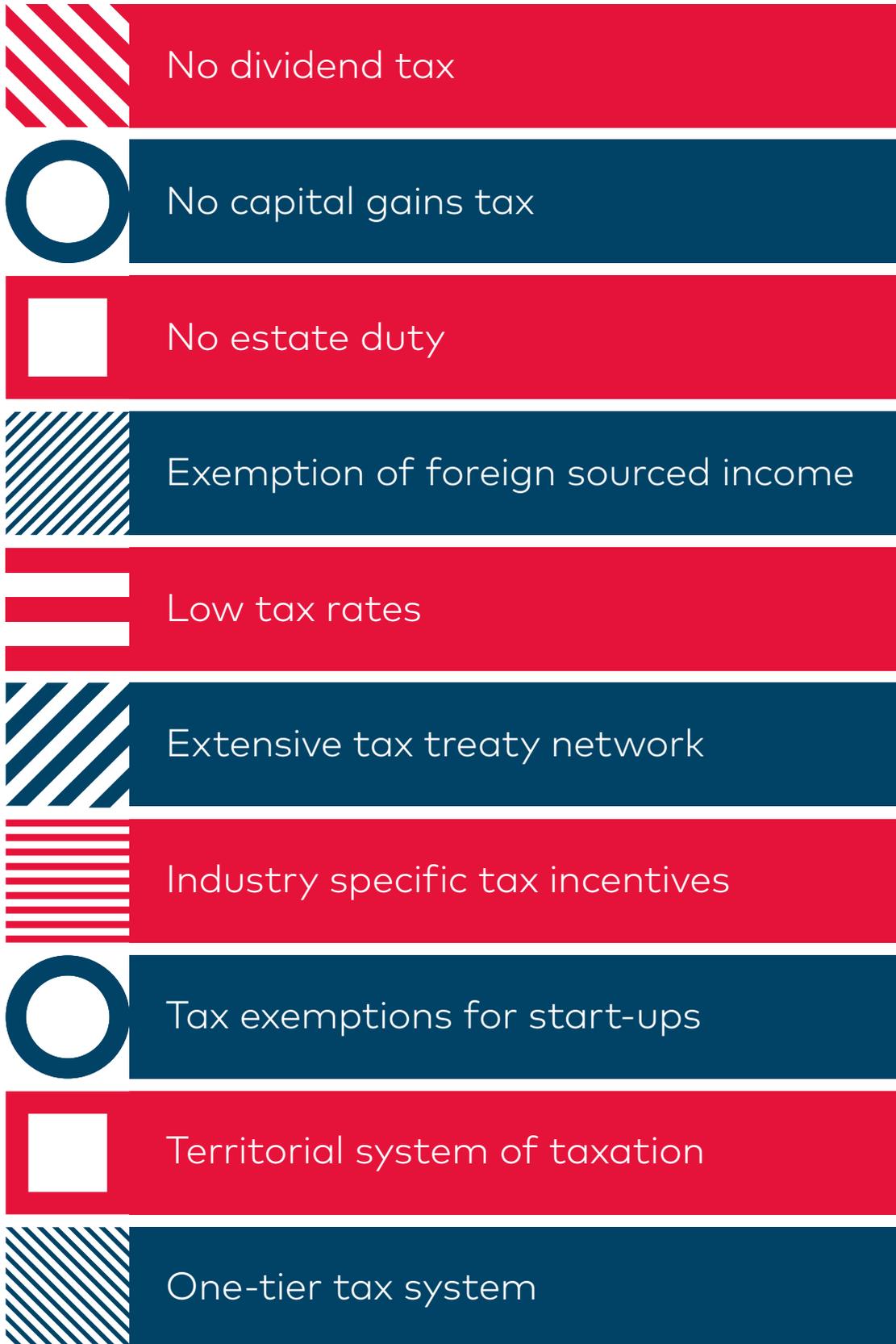
Singapore's tax system is characterized by low corporate and personal income tax rates, tax incentives and tax relief measures, absence of capital gains tax, a territorial one-tier tax system and an extensive tax treaty network.

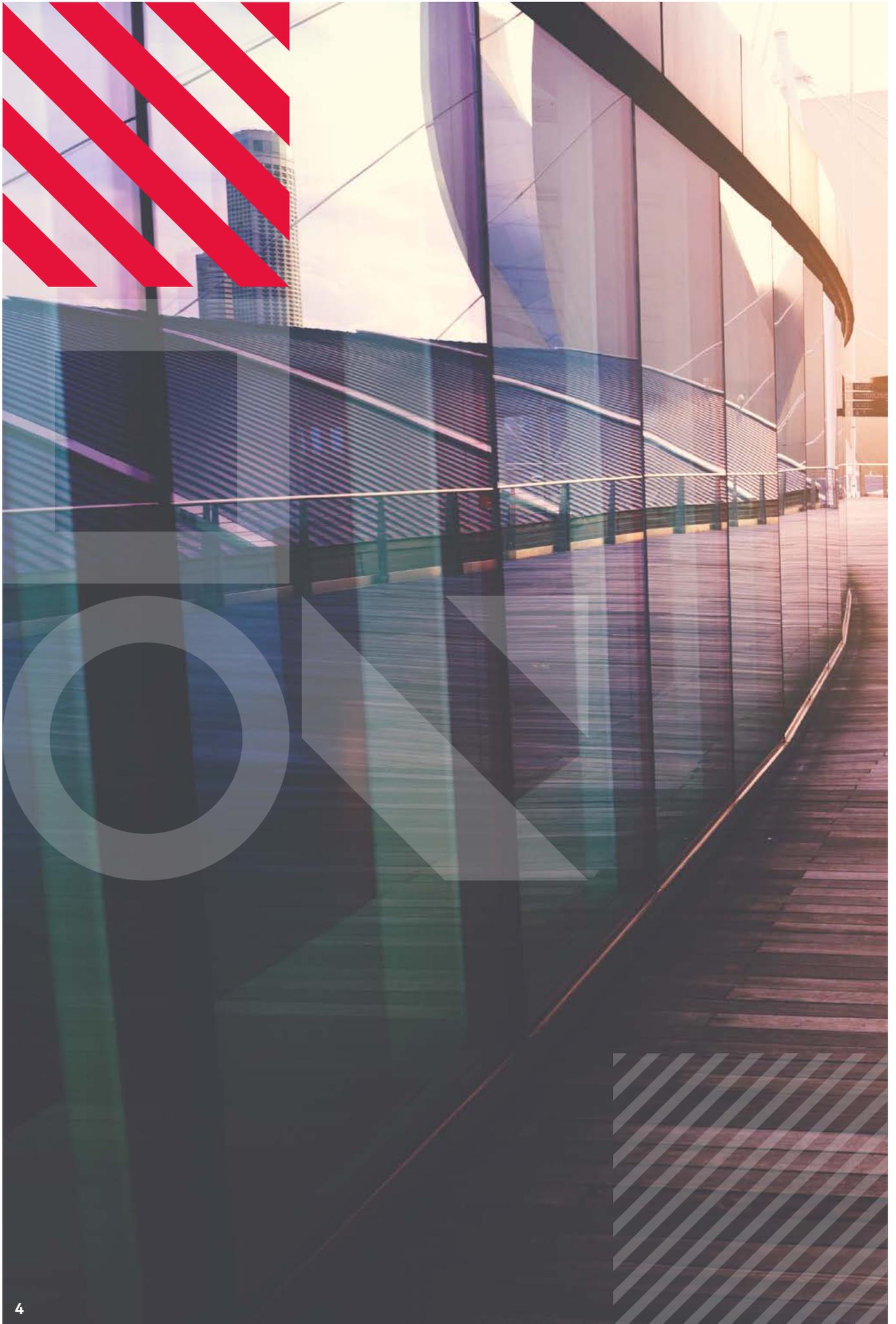
Singapore currently has foreign reserves of over US\$286 billion. The country's asset cushion enabled it to meet the recent economic downturn without resorting to increased tax rates. Instead, the country has been gradually reducing its tax rates in order to attract and retain global investments and talent.

Singapore has fared very well on several business related rankings by various professional institutions. It is highly ranked for its ease of doing business, regulatory and tax environment, stable political and economic climate, productive workforce, excellent business support infrastructure, liberal immigration policy, and efficient legal system.

By aligning its tax policy with growth-oriented economic goals, Singapore has emerged as one of the preferred locations for most global entrepreneurs and business enterprises.

# Tax at a glance





# Singapore tax:

## key facts

### Currency

Singapore Dollar.

### Foreign exchange controls

None.

### Taxable income

Persons, corporations, partnerships, trustees and organizations carrying on any trade, profession or business in Singapore are liable for tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Singapore and certain types of foreign-sourced income from trade, profession or business that meets certain qualifying conditions is exempt from Singapore tax.

### Tax jurisdiction

Territorial basis of taxation. Tax is imposed on the income a) accrued in or derived from Singapore; and b) received in Singapore from outside Singapore, subject to certain exemptions.

### Double taxation

Single-tier tax system. Dividends are not taxable in the hands of the shareholders.

### Tax rates

The Singapore headline corporate tax rate is at 17%. Personal income tax rates for residents start at 0% and are capped at 22%. Non-residents are taxed between 15% to 22%.

### Goods and services tax

Also known as VAT in other countries, GST rate is 7% in Singapore.

### Tax year

For personal taxes, January 1 to December 31. For corporate tax, the financial year adopted by the firm.

### Capital gains tax

None.

### Withholding tax

Interest, royalties, rents from movable properties, management fees, technical fees, director's fees and professional service fees paid to non-residents are subject to a withholding tax.

### Tax treaties

Singapore has concluded more than 80 comprehensive tax treaties.

### Accounting standards

Based on the Singapore Financial Reporting Standards.



# Corporate taxes

## Tax rate

For the Partial Tax Exemption (PTE) scheme (for 2019 and before), all Singapore companies (excluding those that qualify for the Start-up Tax Exemption (SUTE) scheme) can qualify for in each Year of Assessment (YA):

- 75% exemption on the first S\$10,000 of normal chargeable income; and
- 50% exemption on the next S\$290,000 of normal chargeable income.

For YA2020 onwards, the PTE scheme will be adjusted to:

- 75% exemption on the first S\$10,000 of normal chargeable income; and
- 50% exemption on the next S\$190,000 of normal chargeable income.

\* Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.

## Capital gains tax

None.

## Dividend tax

None.

## Tax residence

A Singapore tax resident company is one whose control and management of the business is exercised in Singapore. The residency status of a company may change from year to year and the place of incorporation of a company is not necessarily indicative of the tax residence of a company. The "control and management" is the making of decisions on strategic matters, such as those on company policy and strategy. A company is a non-resident when the control and management of the company is not exercised in Singapore.

## Tax basis

The basis of taxation is the same for resident and non-resident companies. However, resident companies can reduce their taxes by using various tax incentives and tax exemptions.

## Taxable income

Includes gains or profits from any trade, business, profession or vocation. As Singapore follows a territorial basis of taxation, taxes apply to income that is accrued to or derived by the company from a) Singapore; or b) foreign-sourced income received in Singapore. Foreign-sourced income received in Singapore that meets certain qualifying conditions is exempt from Singapore tax.

## Royalty tax

Royalty income earned in Singapore is taxable. Tax concession is available subject to qualifying conditions.

## Surtaxes

No other state or local level taxes. No surtax.

**"Singapore's single-tier corporate income tax system eliminates double-taxation for shareholders."**



# Corporate tax incentives and deductions

## Tax incentives

For YA2019 and before, newly incorporated Start-Up companies that qualify for the Start-up Tax Exemption (SUTE) scheme can qualify for the first three consecutive YAs:

- 100% exemption on the first S\$100,000 of normal chargeable income; and
- 50% exemption on the next S\$200,000 of normal chargeable income.

For YA2020 onwards, the SUTE scheme will be adjusted to:

- 75% exemption on the first S\$100,000 of normal chargeable income; and
- 50% exemption on the next S\$100,000 of normal chargeable income.

\* Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.

To qualify for SUTE scheme, the Start-Up company must be a Singapore tax resident and have a maximum of 20 shareholders of which at least one is an individual holding at least 10% of the shares. Moreover, special purpose tax incentives and concessionary tax rates are available for certain industries such as financial services companies, fund management companies, global trading companies, shipping companies, approved oil trading companies, approved international commodity trading companies, insurance companies, approved venture companies, operational headquarters companies and processing services companies. Incentives are also available for research and development expenditure, and trade promotion.

## Trade losses

Losses are deductible and can be set off against future income. The balance can be carried forward indefinitely, subject to certain conditions. Capital losses are not deductible.

## Group relief for losses

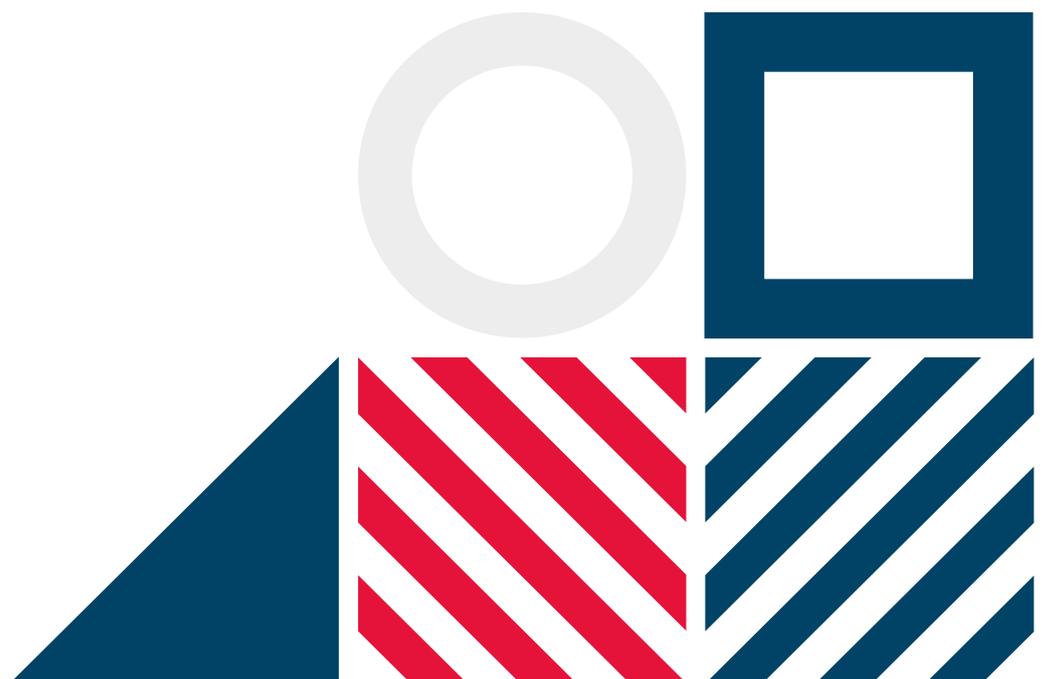
Allowed subject to certain conditions.

## Tax deductions and allowances

Operating expenses incurred in the production of income are tax deductible subject to certain conditions.

## Depreciation allowance

Accounting depreciation is not given as a deduction for tax purposes. However qualifying capital expenditure is eligible for capital allowance claims as per the applicable schedules.



# Corporate income tax administration and compliance

## Tax year

Corporate taxes are paid on a preceding year basis. The basis period for any Year of Assessment (YA) generally refers to the financial year ending in the year preceding the YA. This means that income earned in the financial year 2017 will be taxed in 2018.

## Income tax due date

November 30 of YA.

## Filing requirements

The company has to file a complete set of returns including Form C (for declaration of income), audited or unaudited accounts, and tax computation (statement showing adjustments made to net profit/loss to arrive at the taxable income).

## Tax Rebate

For YA2018, companies are granted a 40% corporate income tax rebate capped at S\$15,000 and for YA2019, a 20% rebate capped at S\$10,000.

## Firms exempt from audit requirement

Qualifying small companies do not require to have their accounts audited. Small company means it meets two of the following three:

- Total annual revenue for the firm of not more than S\$10 million
- Total assets for the financial year of not more than S\$10 million
- Number of employees for the financial year not more than 50

For the small company which is part of a group, the small company must qualify as a "small company" and the entire group must qualify as a "small group" for the immediate past two financial years to qualify for audit exemption.



**"There is no withholding tax on dividends in Singapore."**



## Corporate withholding taxes

### Scope of withholding tax

Withholding tax is charged to a non-resident company or individual that derives income from a Singapore source for services provided or work done in Singapore. Only specific types of payments attract withholding tax.

### Payments subject to withholding tax

Interest, royalties, rent from movable properties, management fees, technical fees, director fees and professional service fees.

### Dividends

No withholding tax on dividends.

### Interest

Interest charged on overdue trade accounts, interest on credit terms paid to a non-resident supplier, and any fees as a result of a commission or loan that is paid to a non-resident will attract a withholding tax rate of 15%.

### Royalties

Withholding tax rate for royalties due to a non-resident company is between 10% and 17%. Withholding tax on payments for exploiting commercial, scientific, technical or industrial knowledge for business activities or hiring a foreign expert to render these skills is 10%.

### Rent

Withholding tax rate for rent paid to a non-resident company that leases movable property in Singapore is 15%.

### Management fees and service fees

Withholding tax rate on fees paid to non-resident companies for providing management services and other professional services is 17%.

### Withholding for non-resident professionals

Withholding tax rates for non-resident professionals who provide services or consultancy is 15% of gross income or 22% if the non-resident professional has elected to be taxed on net income. Payments to non-resident company directors are subject to a withholding tax rate of 22%.

# Other Corporate Taxes

## Capital duty

None.

## Payroll tax

None.

## Transfer tax

None.

## Stamp duty

Stamp duty is payable on the sale, purchase or transfer of property, transfer of shares, lease of property and on commencement of a mortgage. The rates differ and are as follows:

- Stamp duty rates for the sale, purchase or transfer of residential property is at 1% for first S\$180,000, 2% for the next S\$180,000, 3% for the next S\$640,000 and 4% on the remaining amount.
- Stamp duty on the transfer of shares is 0.2% of the purchase price or value of the shares.
- In addition to existing stamp duty on shares, the Additional Conveyance Duties for Buyers (ACDB) will apply on qualifying acquisition/disposal of equity interests in the Property Holding Entities based on the market value of the underlying residential property.
- Stamp duty on the mortgage of immovable property, stocks and/or shares is S\$4 for every S\$1,000 or part thereof.

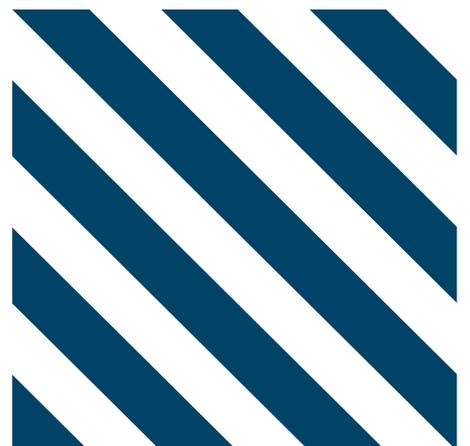
Note that there are various types of stamp duty reliefs available.

## Property Tax

Property tax is levied on owners of immovable properties such as houses, flats, offices, factories, shops and land. The property tax rate is 10% of the annual value (AV) of the property for owners of non-owner occupied property. AV is the estimated annual rent that the property would receive if it were rented. Property tax is payable annually in advance on January 31 of each year.

## Social security

Employers and employees (only citizens and Permanent Residents) must make monthly Central Provident Fund (CPF) contributions, if the employee earns more than S\$50 in a month. The maximum CPF contribution rate for employer and employee is 17% and 20%. Lower rates apply subject to certain conditions.





# Personal taxes

## Tax rate

For Singapore residents, tax rates start at 0% and rise to a maximum of 22% for income above S\$320,000 per annum. For non-residents, income is taxed at a rate between 15% to 22% or the resident tax rates, whichever results in a higher tax amount.

## Tax basis

Tax rules and rates are different depending on the tax residency status.

## Tax residence

Singapore citizens, permanent residents and foreigners who have stayed or worked in Singapore for 183 days or more in the tax year are considered to be resident. Non-residents are foreigners who have stayed or worked in Singapore for less than 183 days in the tax year.

## Taxable income

Residents are taxed only on income earned in Singapore. The income earned overseas is not taxed. Examples of taxable income include income derived from employment, property rental, non-corporate business income, royalties, investment income that does not qualify as capital gains, etc.

## Capital gains tax

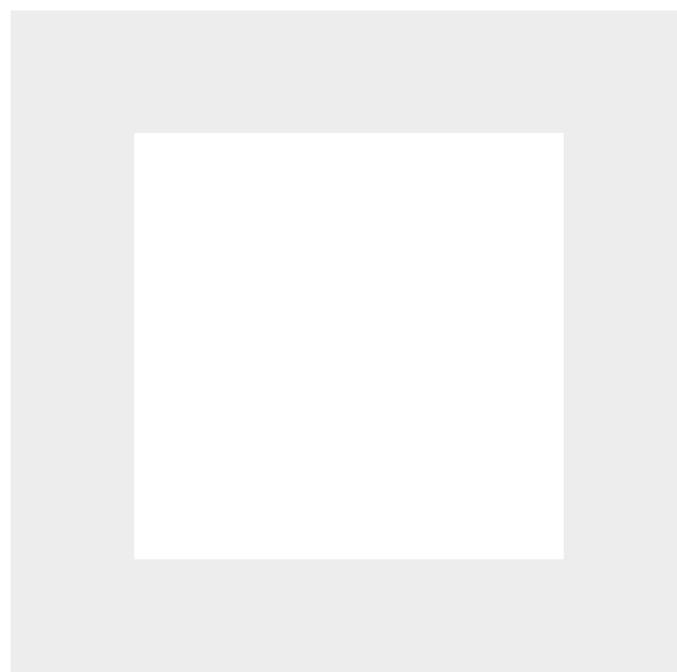
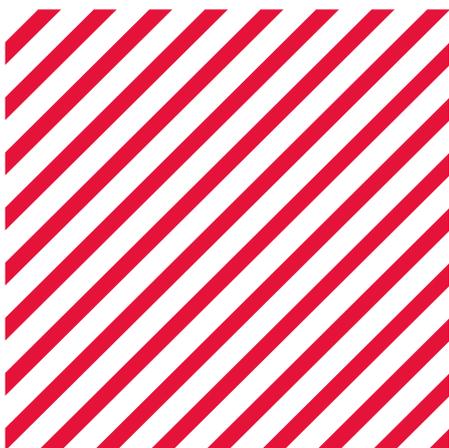
None.

## Wealth tax, estate duty, or capital duty

None.

## Tax on dividend income

None.





# Personal tax highlights for residents and non-residents

## Taxation of non-residents

Non-residents who are employed for 60 days or less in a year are exempt from tax, except for company directors, public entertainers and certain professionals. Non-resident taxpayers are not eligible to claim personal reliefs. Director fees, consultant fees and all other incomes are taxed at 22%.

## Tax deductions

Qualified employment related expenses, rental related expenses, donations to qualified charitable bodies, and personal reliefs are tax deductible for residents.

## Taxation of overseas income

Overseas income received in Singapore is not taxable. However, such income is taxable if:

- The overseas income is received through a partnership in Singapore.
- The overseas employment is incidental to Singapore employment.
- The individual is employed by the Singapore Government to work overseas.

## Taxation of employer benefits

Employer benefits, including bonuses, allowances, perquisites and benefits-in-kind are taxable.

## Stamp duty, property tax, and social security

Please refer to 'Other Corporate Taxes' section on page 10.

# Personal income tax administration and compliance

## Tax year

Income tax is assessed based on a preceding year basis. The tax year for personal taxes is from January 1 to December 31.

## Tax filing due date

April 15 of Year of Assessment.

## Filing requirements

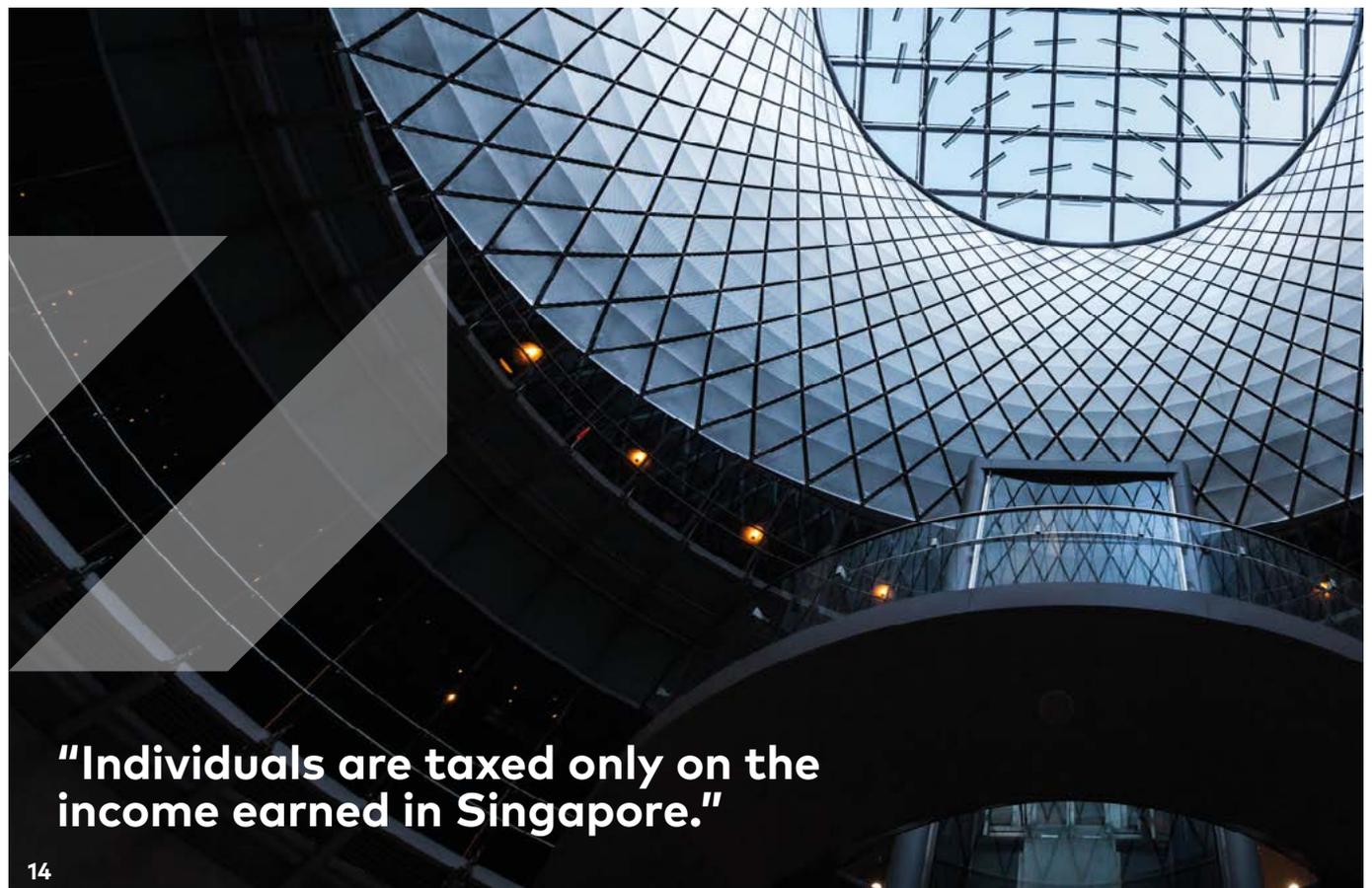
Filing annual income tax return is compulsory for individuals whose annual income is S\$20,000 or more. There are distinct tax forms that are issued to residents, self-employed individuals and non-residents. Joint filing of returns is not allowed. Spouses must file separate personal income tax returns.

## Payment of tax due

Upon filing the tax return, assessments are issued by the Tax Authority and sent to the taxpayer. The payment must be made within 30 days from the date of issue of the notice of assessment.

## Tax table From YA 2017

Income (S\$)	Rate
0 – 20,000	0%
20,001 – 30,000	2%
30,001 – 40,000	3.5%
40,001 – 80,000	7%
80,001 – 120,000	11.5%
120,001 – 160,000	15%
160,001 – 200,000	18%
200,001 – 240,000	19%
240,001 – 280,000	19.5%
280,001 – 320,000	20%
320,001+	22%



**"Individuals are taxed only on the income earned in Singapore."**

# Goods and services tax

The Goods and Services Tax (GST) - also known as Value Added Tax (VAT) in other countries - is an indirect consumption tax levied on the supply of goods and services in Singapore, and the import of goods into Singapore. It is applied to the selling price of goods and services consumed in Singapore. A business entity must be GST registered to charge this tax. Since GST is passed on to the end consumer, it is not a cost to the company.

**GST rate on supply of goods and services in Singapore**  
7%

**GST rate on export of goods and services out of Singapore**  
None.

**Supplies exempt from GST**  
Sale and lease of residential land, and financial services.

**GST registration**  
GST registration is compulsory for all companies whose annual taxable turnover exceeds or is expected to exceed S\$1 million. Companies that are only involved in the export of goods and provision of international services are exempt from GST registration provided certain conditions are satisfied. A company can opt for voluntary GST registration.

**Filing GST returns**  
GST returns must be filed every quarter. GST filing and payment due date is within one month after the end of the GST accounting period.

**GST schemes**  
There are various assistance schemes relating to GST to help ease the cash flow of businesses.

# Tax treaties

**Tax treaty network**  
Singapore has concluded more than 80 comprehensive tax treaties with countries around the world that cover all types of income to prevent companies and individuals from being taxed by both jurisdictions. Additionally, it has enforced eight limited treaties that deal only with shipping and/or air transport income.

**Scope of a Double Taxation Agreement (DTA)**  
Limited to tax residents of Singapore and the treaty country.

**Taxes covered by the DTA's**  
The DTA's are limited to taxes on income and excludes customs and excise duties.

**Singapore's Double Tax Relief (DTR) measures**  
Tax credit, tax exemption, reduced tax rate and relief by deduction.

**Claiming DTR**  
The claim for DTR should be made while filing annual income tax returns. It must also be reflected in a company's tax computation statement.

**Unilateral tax credit**  
Singapore residents receiving foreign income from non-treaty countries can avail a unilateral tax credit for the foreign tax.

# Other useful facts about Singapore

## Tax authority

Inland Revenue Authority of Singapore (IRAS).

## Sources of tax law

- Income Tax Act of Singapore
- Goods and Services Tax Act of Singapore
- Stamp Duty Act of Singapore
- Property Tax Act of Singapore

## Membership of international trade organizations

Member of WTO, ASEAN, British Commonwealth, and APEC.

## International ranking on business related indices

- Ranked #2 on the World Bank's Doing Business Report 2018.
- Ranked #9 for Taxes in 'Best Countries for Business' list; Forbes, 2017.
- Ranked #7 in World Bank Group's 'Paying Taxes' report 2018.





# Hawksford in Singapore

**Our service philosophy is about guiding you through the steps of starting, managing and growing your business in Singapore. Our clients range from small and large corporates to high-net-worth individuals.**

We help you to meet the statutory compliance requirements and have expertise in a wide range of administration and management solutions. We provide ongoing support, enabling you to realise your potential and help your business grow. We also provide fiduciary services and complete solutions for corporate governance.

We pride ourselves on our top quality, friendly service which provides clients with value for money. Our people are highly experienced and well trained and we have invested heavily in the best technology to ensure we can deliver when we say we will. We can meet your business needs, presenting options and communicating clearly and concisely. We aim to be transparent on the fees we charge and provide practical advice to you to make the most out of your business interests in Asia.

**GuideMeSingapore.com is a Singapore focused portal to provide accurate and unbiased information about doing business in Singapore.**





## Our services in Singapore

Our core services include:

### Business establishment

- Incorporation of local companies and registration of subsidiaries and branches of overseas companies (Pte Ltd, Sole-Proprietorship, RO, LLP, Branch or Subsidiary)
- Company name reservation
- Ongoing corporate secretarial services
- Registration with Accounting and Corporate Regulatory Authority (ACRA)
- Company profile extract from Accounting and Corporate Regulatory Authority (ACRA)
- Preparation of share certificates
- Bank account opening assistance
- Company seal and rubber stamp
- Business licence applications

### Tax and accounting

We provide ongoing business support with services and expertise in:

- Bookkeeping and preparation of year-end financial statements
- Payroll, leaves & claims management establishment
- Corporate tax return preparation and filing
- Personal tax filing
- Goods and Services Tax (GST) filing services

### Immigration advisory and applications

We assist with various visa applications and renewals as well as permanent residence under various schemes:

- Citizenship
- Permanent residence
- Employment pass
- Dependant pass
- Entrepreneur pass
- Other work passes
- Consultation and advisory
- Relocation services

For information about our full suite of services visit [www.guidemesingapore.com](http://www.guidemesingapore.com)

# Thinking beyond tomorrow

## **Hawksford is an international provider of corporate, private client and funds services.**

We take on the burden of regulatory, financial and tax compliance,  
and corporate governance to enable our clients to focus on  
managing their business interests and creating wealth.

**Hawksford Singapore Pte. Ltd**  
16 Raffles Quay #33-02  
Hong Leong Building, 048581, Singapore

**T** +65 6222 7445  
**E** info@hawksford.sg

**[www.hawksford.com](http://www.hawksford.com)**  
**[www.guidemesingapore.com](http://www.guidemesingapore.com)**

This guide is designed to provide introductory information to clients and does not constitute professional advice. It is of a general nature only and is not intended to be comprehensive. Readers are therefore advised that before acting on any information obtained from this document, they should discuss their particular situation with a professional tax adviser. While care has been taken to prepare this report accurately, Hawksford accepts no liability for any errors or for any loss, however occasioned, to any person by reliance on this report.

Hawksford is the business name of Hawksford Singapore Pte Ltd which is registered as a Filing Agent with the Accounting and Corporate Regulatory Authority and licenced as an Employment Agency by the Ministry of Manpower (EA Licence No: 10C3284), with registered number 200823070C and registered address 16 Raffles Quay, #33-03 Hong Leong Building, Singapore 048581.