

# SINGAPORE TAXATION GUIDE

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## **Corporate Tax: 0 - 17% max**

**Tax System:** Single-tier corporate income tax system

**Taxation on dividends:** NONE

**Capital gains tax:** NONE

**Estate duty:** NONE

**Foreign-sourced income:** Tax-exempt

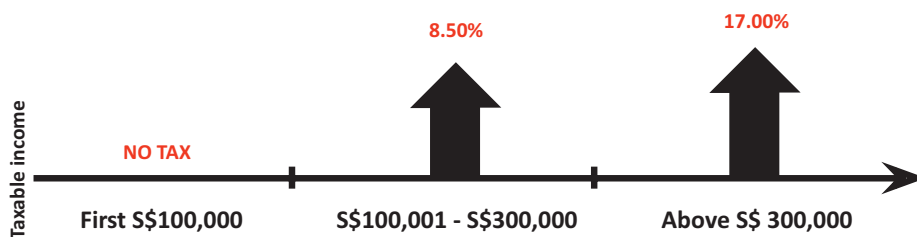


# SINGAPORE CORPORATE TAX



Singapore's tax regime recognizes the importance of easing cashflow for startup companies in their initial years of operation. Therefore, Singapore extends support in the form of sizeable exemptions.

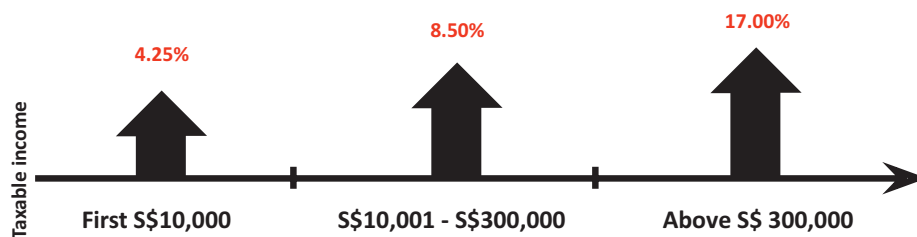
## New Startup Companies\* for First 3 Years of Assessment



### \* Qualifying conditions:

- No more than 20 individual shareholders throughout basis period for that YA
- All of whom are individuals beneficially and directly holding the shares in their names; OR
- Where there are non-individual shareholders, at least 1 shareholder is an individual holding at least 10% of the shares.

## For All Other Companies - Partial Tax Exemption



“Companies that do not meet the qualifying conditions would still be eligible for partial tax exemption.”

## TAX-FREE DIVIDEND

Tax paid by a company on its chargeable income is the final tax and all dividends paid to its shareholders are exempt from further taxation.

0%

Due to tax exemption schemes, the effective tax rates in Singapore are one of the lowest worldwide and unlike any other jurisdictions, Singapore is widely respected and well-recognized for its rule of law, transparency and world-class standards.

## NEW STARTUP COMPANIES FOR FIRST THREE YEARS OF ASSESSMENT

Chargeable Income (\$)	Estimated Tax (S\$)	Effective tax rate
100,000	0	0%
200,000	8,500	4.25%
300,000	17,000	5.67%
400,000	34,000	8.50%
500,000	51,000	10.20%
600,000	68,000	11.33%
700,000	85,000	12.14%
800,000	102,000	12.75%
900,000	119,000	13.22%
1,000,000	136,000	13.60%
5,000,000	816,000	16.32%
10,000,000	1,666,000	16.66%

## ALL OTHER COMPANIES PARTIAL TAX EXEMPTION

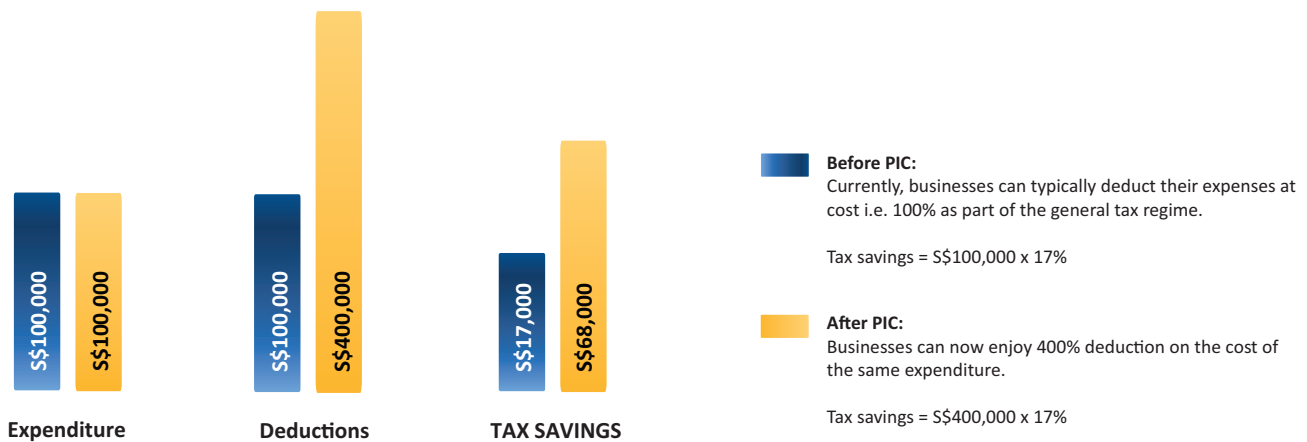
Chargeable Income (\$)	Estimated Tax (S\$)	Effective tax rate
100,000	8,075	8.08%
200,000	16,575	8.29%
300,000	25,075	8.36%
400,000	42,075	10.52%
500,000	59,075	11.82%
600,000	76,075	12.68%
700,000	93,075	13.30%
800,000	110,075	13.76%
900,000	127,075	14.12%
1,000,000	144,075	14.41%
5,000,000	824,075	16.48%
10,000,000	1,674,075	16.74%

### **Online Resources**

[Singapore Corporate Tax](#) | [Singapore Budget 2011](#) | [FAQS on Singapore Corporate Taxation](#)

# PRODUCTIVITY AND INNOVATION SCHEME

The Productivity and Innovation Credit (PIC) Scheme has been further enhanced for Singapore Budget 2011. It is a scheme to provide tax incentives so as to encourage businesses to invest and upgrade along the innovation value chain. The table below outlines the benefits of the PIC:



Qualifying activities	Brief description of qualifying expenditures under the PIC	Total deductions/allowances under the PIC (as a % of qualifying expenditure)
Acquisition or Leasing of Prescribed Automation Equipment	Costs incurred to acquire/lease prescribed automation equipment	400% allowance or deduction for qualifying expenditure subject to the expenditure cap, 100% allowance or deduction for the balance expenditure exceeding the cap
Training Expenditure	Costs incurred on: In-house training (i.e. Singapore Workforce Development Agency ("WDA") certified, Institute of Technical Education ("ITE") certified; or All external training.	
Acquisition of Intellectual Property Rights ("IPRs")	Costs incurred to acquire IPRs for use in a trade or business (exclude EDB approved IPRs and IPRs relating to media and digital entertainment contents)	
Registration of Intellectual Property Rights ("IPRs")	Costs incurred to register patents, trademarks, designs and plant variety	
Design Expenditure	Costs incurred to create new products and industrial designs where the activities are primarily done in Singapore	
Research & Development ("R&D")	Costs incurred on staff, costs and consumables for qualifying R&D activities carried out in Singapore or overseas, if the R&D done overseas is related to the taxpayer's Singapore trade or business	

**Notes:**

Total expenditure cap for YA 2011 and YA 2012 - \$800,000 for each of the six qualifying activities.  
Total expenditure cap for YA 2013 to YA 2015 - \$1,200,000 for each of the six qualifying activities.

**Online Resources**

[Productivity and Innovation Scheme | Tax Planning and Consulting](#)

# CAPITAL GAINS TAX

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Gains that are of a capital nature are not taxed in Singapore. However, where there is a series of transactions or where the holding period of an asset is relatively short, IRAS may take the view that a business is being carried on and attempt to assess the gains as trading profits of the company.

## WITHHOLDING TAX ON PAYMENTS TO NON-RESIDENTS

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Since a non-resident is liable to pay income tax on Singapore-sourced income, any person making payment of a specified nature to a non-resident has to withhold a certain percentage of that payment as “Withholding taxes” being deemed as Singapore-sourced income.

<b>Dividends</b>	<b>Exempt</b>
Interest	15%
Royalties	10%
Company director’s remuneration	20%
Technical assistance and service fees	17%
Rent on moveable property	15%
Management fees	17%
Charter fees for ship or aircraft	0 - 2%

### **Online Resources**

[Singapore Withholding Tax](#) | [Singapore Non-resident Tax](#)

# PERSONAL TAX



Singapore's Personal Income Tax structure is one of the friendliest and most competitive in the world. Income tax is assessed on a preceding year basis from 01 January to 31 December.

## Progressive Income Tax Rate for Resident Individuals

YEAR OF ASSESSMENT: CURRENT		YEAR OF ASSESSMENT: 2012 (NEW)	
Income Range	Rate (%)	Income Range	Rate (%)
0 – 20,000	0.0	0 – 20,000	0.0
20,001 – 30,000	3.5	20,001 – 30,000	2.0
30,001 – 40,000	5.5	30,001 – 40,000	3.5
40,001 – 80,000	8.5	40,001 – 80,000	7.0
80,001 – 160,000	14.0	80,001 – 120,000	11.5
		120,001 – 160,000	15.0
160,001 – 320,000	17.0	160,001 – 200,000	17.0
		200,001 – 320,000	18.0
Above 320,000	20.0	Above 320,000	20.0

**Note:**

A one-off personal income tax rebate of 20%, capped at \$2,000, will be granted for the Year of Assessment 2011.

## Income Tax Rate for Non-Resident Individuals

Type of Income	Rate (%)
Director's remuneration & fees	20
Entertainer's professional income	15
Other professional income	15
Employee's remuneration (Where the tax calculated on resident's rates is higher, the resident rates are used)	15
Short-term employee's remuneration (Not more than 60 days)	Nil
Other income (Where not specifically exempt)	20

# PERSONAL INCOME TAX RELIEFS

		YEAR OF ASSESSMENT 2010(\$)	YEAR OF ASSESSMENT 2011(\$)	YEAR OF ASSESSMENT 2012(\$) <b>NEW</b>
Earned income reliefs	- Under age 55	1,000	1,000	<b>1,000</b>
	- 55 to age 59	3,000	3,000	<b>3,000</b>
	- Age 60 and above	4,000	4,000	<b>4,000</b>
Spouse relief	To qualify, working spouse must not earn more than \$2,000 in 2010, \$4,000 in 2011/2012	2,000	2,000	<b>2,000</b>
Child relief		4,000	4,000	<b>4,000</b>
Dependent parents relief	- Living with the taxpayer in the same household (each parent)	7,000	7,000	<b>7,000</b>
	- Not living with the taxpayer in the same household (each parent)	4,500	4,500	<b>4,500</b>
Course fee relief		3,500	5,500	<b>5,500</b>
CPF cash top-up relief	- By self or employer to self's account	Up to 7,000	Up to 7,000	<b>Up to 7,000</b>
	- By self to spouse, sibling, parents' and grandparents' account	Up to 7,000	Up to 7,000	<b>Up to 7,000</b>
Foreign maid levy (applicable only to working mothers)	- Without foreign domestic worker concession	Up to 6,360	Up to 6,360	<b>Up to 6,360</b>
	- With foreign domestic worker concession	Up to 4,080	Up to 4,080	<b>Up to 4,080</b>
Grandparent caregiver relief		3,000	3,000	<b>3,000</b>
NSman (self/wife/parent) relief	- Inactive NSman in previous year (non-key appointment holder)	1,500	1,500	<b>1,500</b>
	- Active NSman in previous year (non-key appointment holder)	3,000	3,000	<b>3,000</b>
	- Inactive in NSman in previous year (key appointment holder)	3,500	3,500	<b>3,500</b>
	- Active in NSman in previous year (key appointment holder)	5,000	5,000	<b>5,000</b>
CPF relief	- Age 50 & below	Up to 15,300	Up to 15,300	<b>Up to 16,200</b>
	- Age 51 to 55	Up to 13,770	Up to 13,770	<b>Up to 14,580</b>
	- Age 56 to 60	Up to 9,563	Up to 9,563	<b>Up to 10,125</b>
	- Age 61 to 65	Up to 5,738	Up to 5,738	<b>Up to 6,075</b>
	- Above 65	Up to 3,835	Up to 3,835	<b>Up to 4,050</b>
Supplementary Retirement Scheme (SRS) relief	- Singaporean / Singapore Permanent Resident	Up to 11,475	Up to 11,475	<b>Up to 12,750</b>
	- Foreigner	Up to 26,775	Up to 26,775	<b>Up to 29,750</b>

## Online Resources

[Singapore Personal Income Tax Rates](#) | [Personal Income Tax FAQ](#)

## Helpful Links:

[Company Registration](#)

[Immigration](#)

[Accounting](#)

[Taxation Services](#)

[Offshore Incorporation](#)



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