

Tax Facts & Figures 2003 Singapore
(Incorporating 2003 Budget Proposals)



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This publication, which will be updated annually, contains handy reference tables and other information for individuals and corporations to quickly ascertain their income tax liability. As rates and other information may change as a result of legislation or regulation issued after this booklet went to print, the information contained here should be used for guidance only and further information should be sought from our organisation. No liability can be accepted for any action taken as a result of reading the contents without consulting us with regard to all relevant factors.

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Cover: Theatre Ceiling
by H. Brooks Walker

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Individual Income Tax Rates (Years of Assessment 2003 & 2004)

Resident Rates			
	Taxable Income \$	%	Tax Payable \$
On the first	20,000	0	0
On the next	<u>10,000</u>	4	<u>400</u>
	30,000		400
On the next	<u>10,000</u>	6	<u>600</u>
	40,000		1,000
On the next	<u>40,000</u>	9	<u>3,600</u>
	80,000		4,600
On the next	<u>80,000</u>	15	<u>12,000</u>
	160,000		16,600
On the next	<u>160,000</u>	19	<u>30,400</u>
	320,000		47,000
Above \$320,000		22	

Non-Resident Rates	
Type of Income	%
Director's remuneration	22
Entertainer's professional income	15
Other professional income (note)	15
Employee's remuneration <i>(However where the tax calculated on resident rates is higher, the resident rates are used)</i>	15
Short-term employee's remuneration <i>(Not more than 60 days)</i>	NIL
Other income <i>(Where not specifically exempt)</i>	22

Note: Applies with effect from 3 May 2002. Previously at prevailing corporate tax rate. Non-resident taxpayer may make an irrevocable option to be taxed at 22% of net income.

Relief / Exemption for Non-Resident Citizens and Certain Other Non-Residents

As tax in Singapore is territorial, a non-resident individual is only taxed on income which accrues in or is derived from Singapore.

- Relief is available to the following individuals:
 - one who is not resident in, but is a citizen of Singapore.
 - one who is neither resident in, nor a citizen of Singapore, but is resident in another country which has a double taxation agreement with Singapore.
- The tax relief reduces the amount of tax payable to an amount arrived at as follows:

$$\frac{\text{Singapore assessable income}}{\text{Aggregate/world income}} \times \text{Tax payable at graduated rates (Part C, Second Schedule)}$$

- Foreign-sourced income (including overseas employment income) received by a non-resident individual is exempt from tax.
- Individuals who have worked for at least six months overseas in any calendar year could be considered as non-residents

Resident Taxpayer's Personal Reliefs (Years of Assessment 2003 & 2004)

Personal Relief	\$0 (Note 1)		
Earned Income Relief	55 and below	56 to 60	over 60
Normal	\$1,000	\$3,000	\$4,000
Handicapped	\$2,000	\$5,000	\$6,000

(or earned income if less)

Wife Relief	\$2,000
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Child Relief	First	Second	Third	Fourth	Fifth
Qualifying Child Relief (note 2)					
First to third child	\$2,000	\$2,000	\$2,000		
Fourth and fifth child born before 1 August 1973				\$300	\$300
Fourth child born on or after 1 January 1988				\$2,000	
PLUS Enhanced Relief (note 3) Claimable by suitably qualified married woman					
First to third child	5% of earned income	10% of earned income	15% of earned income		
Fourth child born in 1987				\$1,500 + 15% of earned income	
Fourth child born on or after 1 January 1988				15% of earned income	
For young children below 12 years old on 1 January of basis year:					
First to third child	5% of earned income	15% of earned income	20% of earned income		
Fourth child born in 1987				\$1,500 + 25% of earned income	
Fourth child born on or after 1 January 1988				25% of earned income	

- Note:
- 1) Personal relief was withdrawn from YA 2003 onwards.
 - 2) Claimable by either parent. For child educated abroad, up to \$3,000 is claimable in YA2003, but no such additional relief will be available from YA2004.
 - 3) The maximum relief claimable is \$10,000 per child. For child below 12 years old, the maximum relief is \$15,000 per child.

Resident Taxpayer's Personal Reliefs (continued)

NSmen Relief

Claimable by NSmen:

Active service	\$3,000
Non-active service	\$1,500

Claimable by:

Parent	\$750
Wife	\$750

Special Tax Rebates and Relief to Singapore Citizens

Tax Rebate

For second child born on or after 1 January 1990
to mother before she reaches:

31 years of age	\$ 5,000
30 years of age	\$10,000
29 years of age	\$15,000
28 years of age	\$20,000

Claimable by either parent but to be utilised within nine years

For third child born on or after 1 January 1987:

Claimable by either parent	\$20,000
Claimable by working mother	15% of earned income, restricted to \$20,000

For fourth child born on or after 1 January 1988:

Claimable by either parent	\$20,000
Claimable by working mother	15% of earned income, restricted to \$40,000

Tax Deduction

Delivery expenses for fourth child born on or after 1 January 1988:

Claimable by either parent	Up to \$3,000
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Resident Taxpayer's Personal Reliefs (continued)

Dependants Relief (note 1)	First	Second	Third
Aged parent or grandparent maintained by the taxpayer (note 2)	\$3,500	\$3,500	Nil
Aged parent or grandparent living with the taxpayer (note 2)	\$5,000	\$5,000	Nil
Handicapped dependant (spouse, child or sibling) living with the taxpayer (note 3)	\$3,500 for each dependant		

- Note: 1) Dependant's income must not be more than \$2,000 in the basis year.
 2) For each of the handicapped parents, \$3,000 is claimable in addition to the aged parent relief.
 3) Husband claiming this relief for his wife does so in lieu of normal wife relief.

Foreign Maid Levy Relief	Tax Deduction
Claimable by married woman including one who is separated from her husband, a divorcee or widow who is claiming child relief	Twice the amount of levy (currently \$345 per month) restricted to one maid

Education	Tax Deduction
Approved Course Fees	
<ul style="list-style-type: none"> Fee paid by individuals who take up courses of study leading to academic, professional or vocational qualifications related to existing business or employment From 1 January 2003, the scope of the relief is expanded to include seminars and conferences, as well as courses that are not directly related to the individual's current profession (provided the courses result in a career switch to a relevant job within 2 years). 	Up to \$3,500 per annum from YA 2004

Central Provident Fund (CPF)	Tax Deduction
<ul style="list-style-type: none"> CPF contributions Contributions to top up individual's, parent's or grandparent's CPF retirement account under CPF (Minimum Sum Scheme) 	Statutory rate (see page 10) Up to \$6,000 per annum
Supplementary Retirement Scheme (SRS)	
<ul style="list-style-type: none"> SRS contributions subject to capping rules 	
Singapore citizens and permanent residents	15% of computed sum
Foreigner	35% of computed sum

Tax Treatment of Employment Fringe Benefits

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
Company-provided housing	<ul style="list-style-type: none"> • lower of 10% of total remuneration (including other benefits) or annual value of premises (note)
Hotel accommodation	<ul style="list-style-type: none"> • 2% of basic salary plus <ol style="list-style-type: none"> (i) \$250 per month per adult (includes child above 20 years of age); (ii) \$100 per month per child between eight and 20 years of age; (iii) \$50 per month per child between three and seven years of age; and (iv) \$25 per month per child under three years of age
Water and rates	<ul style="list-style-type: none"> • actual cost to employer
Household furnishings	<ul style="list-style-type: none"> • nominal rates predetermined by the Inland Revenue Authority of Singapore (IRAS)
Moving expenses to and from Singapore	<ul style="list-style-type: none"> • not taxable
Round sum allowances (eg. entertainment, housing, etc.)	<ul style="list-style-type: none"> • total amount paid by employer
Food, clothing, servants, etc.	<ul style="list-style-type: none"> • actual cost to employer
Work clothes	<ul style="list-style-type: none"> • not taxable
School fees	<ul style="list-style-type: none"> • actual cost to employer
Club dues for business	<ul style="list-style-type: none"> • not taxable
Medical and health insurance benefits	<ul style="list-style-type: none"> • not taxable
Childcare benefits	<ul style="list-style-type: none"> • employer-subsidised childcare benefits paid to licensed childcare centres are not taxable with effect from YA 2004
Leave passages	<ul style="list-style-type: none"> • 20% of leave passage cost paid by employer. Concession restricted to: <ol style="list-style-type: none"> i) one home trip for taxpayer and spouse; and ii) two home trips for each child • not taxable if employed by OHQ or pioneer companies
Income tax reimbursement	<ul style="list-style-type: none"> • actual amount paid by employer, grossed up
Interest free loans provided by employer	<ul style="list-style-type: none"> • not taxable (note)

Note: Variations exist for directors.

Tax Treatment of Employment Fringe Benefits (continued)

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
Interest subsidy for loan taken up by employee	<ul style="list-style-type: none"> • actual cost to employer
Restricted covenants	<ul style="list-style-type: none"> • not taxable
Certain compensation for loss of office	<ul style="list-style-type: none"> • not taxable
Gains from exercise of stock options and share ownership plans	<ul style="list-style-type: none"> • market value at the end of the moratorium (if any) less amount paid by employee • tax exemption available as follows: <ul style="list-style-type: none"> (i) Entrepreneurial Employee Stock Option Scheme - 50% up to \$10 million (effective 1 June 2000) (ii) Company Stock Option Scheme - 100% on the first \$2,000 and 25% of the remainder up to \$1 million (effective 1 April 2001) • Under the Qualified Employee Stock Option Scheme, tax may be paid over 5 years, but with interest. <p>Note: The above stock option schemes have been extended to include employee stock ownership plans with similar vesting period requirements as the stock option schemes. (Effective for grants after 1 January 2002.)</p>
Car benefits	<ul style="list-style-type: none"> • benefit to taxpayer based on IRAS formulae which take into account the cost of the car and private use <p>The main formulae are:</p> <ul style="list-style-type: none"> - Company owned car (Q-plate or S-Plate) $\frac{3}{7} \times \frac{\text{car cost} - \text{residual value}}{10} + \text{private} \times \text{fixed mileage rate}$ - Employee owned car $\frac{\text{private mileage}}{\text{total mileage}} \times \frac{\text{total expense paid by employer}}{\text{mileage rate}}$ - Leased/Rented car $\frac{3}{7} \times \text{rental cost} + \text{private} \times \text{fixed mileage rate}$

Tax Treatment of Employment Fringe Benefits (continued)

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
	<ul style="list-style-type: none"> - Motorcycle/scooter and commercial vehicles <p style="margin-left: 40px;">fixed rate x private mileage</p> <p>Separate formulae are applicable to second-hand vehicles.</p> <p>The fixed rate for private mileage (per km) are:</p> <ul style="list-style-type: none"> (i) \$0.55 if petrol is borne by the employer; (ii) \$0.45 if petrol is borne by the employee; (iii) \$0.10 for use of leased car if petrol is provided; and (iv) Nil for use of leased car if petrol is not provided.
Gratuities paid on permanent retirement	<ul style="list-style-type: none"> • not taxable if: <ul style="list-style-type: none"> (i) benefits are accrued in approved pension funds up to 31 Dec 1992; or (ii) unapproved retirement benefit plans satisfy Ministry criteria.
Compensation for death or permanent disablement	<ul style="list-style-type: none"> • not taxable
Supplementary Retirement Scheme (SRS)	<ul style="list-style-type: none"> • 50% of amount withdrawn for withdrawals: <ul style="list-style-type: none"> i) on or after prescribed retirement age; ii) on medical grounds; iii) on death; and iv) by foreigners who had maintained his/her SRS account for at least 10 years • 100% of withdrawn amount in situations other than those mentioned above • withholding tax at prevailing corporate tax rate imposed on all withdrawals by foreigners and Singapore permanent residents
Employer's contributions to employee's:	
(i) CPF account at statutory rates	<ul style="list-style-type: none"> • not taxable for Singapore citizens and Singapore permanent residents.
(ii) CPF account above statutory rates	
<ul style="list-style-type: none"> • Ordinary wages • Additional wages (see page 10) 	<ul style="list-style-type: none"> • amount in excess of statutory limit • amount exceeding 40% of employee's annual ordinary wages (where total wages exceed \$100,000)

Tax Treatment of Employment Fringe Benefits (continued)

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
(iii) CPF account in respect of remuneration paid for duties performed outside Singapore	<ul style="list-style-type: none"> not taxable, provided contributions are required by employment contract
(iv) non-approved provident/pension fund outside Singapore	<ul style="list-style-type: none"> taxable not taxable if contributions made to overseas government funds and deductions not claimed by a Singapore company
(v) medisave account in lieu of hospitalisation benefits	<ul style="list-style-type: none"> not taxable subject to lower of 1% of employee's monthly ordinary wages or \$60 (Note: With effect from YA 2004, the tax exemption limit will be raised to \$1,500 per employee per year)

Employer's Obligation

Skills Development Levy
<p>The law provides for the imposition of a levy on an employer at 1% of the salary of employees earning not more than \$1,500 per month (minimum \$2). The fund so created, known as the Skills Development Fund (SDF), is used to provide incentive grants for equipping employees with of skills relevant to Singapore's economic restructuring efforts and for retraining redundant and retrenched workers, if any, arising out of the restructuring process.</p> <p>Criteria for support from the SDF are:</p> <ol style="list-style-type: none"> There must be a specific training programme with guided instructions and tests to assess attainment of training objectives. The programme must be relevant to upgrading the skills of workers and lower grade staff; hence programmes which are targeted solely at professionals and senior level managers are excluded. The programme must cover training for skills with economic value and application. <p>This Fund is administered by the SPRING Singapore with the CPF Board as the collecting agent.</p>

Employer's Obligation (continued)

Central Provident Fund Contributions

The Central Provident Fund is essentially a savings scheme to provide for employees in their old age. By law, all employers are required to pay monthly contributions to the Fund for their local employees. (Note: Foreign employees are exempt from CPF contributions.)

The rates of contributions payable to the Fund from 1 October 2002 are shown in the table below. Foreigners who become Singapore permanent residents will be required to contribute at reduced rates for the first 2 years.

Employee's monthly wages	Employer's Contribution				Employee's Contribution			
	Age of Employee (Years)				Age of Employee (Years)			
	55 & Below	> 55 to 60	> 60 to 65	Above 65	55 & Below	> 55 to 60	> 60 to 65	Above 65
\$50 and less	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
> \$50 to \$500	16.0%	6.0%	3.5%	3.5%	Nil	Nil	Nil	Nil
> \$500 to \$750	16.0%	6.0%	3.5%	3.5%	a) Nil	a) Nil	a) Nil	a) Nil
					PLUS b) a fraction of the difference between the employee's total wages for the month and \$500			
					0.6	0.37	0.22	0.15
> \$750 (Notes 3 & 4)	16.0% maximum \$960	6.0% maximum \$360	3.5% maximum \$210	3.5% maximum \$210	20% maximum \$1,200	12.5% maximum \$750	7.5% maximum \$450	5% maximum \$300

Notes : 1) The maximum amount does not apply to additional wages which include bonuses and commission, and other wages paid out at intervals of more than a month.

2) Contributions on additional wages:

(i) Annual total wages < \$100,000

(ii) Annual total wages > \$100,000 but annual ordinary wages < \$72,000

(iii) Annual total wages > \$100,000 and annual ordinary wages > \$72,000

CPF Contributions

No restrictions

Restricted to \$100,000

less annual ordinary wages

Restricted to 40% of annual ordinary wages

3) The CPF salary ceiling (currently at \$6,000) will be lowered to \$5,500 from 1 January 2004 and further reduced to \$5,000 from 1 January 2005.

4) The CPF contribution rates for employees aged 50-55 will be reduced as follows:

Effective date	Employer's contribution	Employee's contribution
From 1 January 2004	16%	18%
From 1 January 2005	16%	16%

Estate Duty (in the Case of Persons Dying on or after 28 February 1996)

The estate duty rates from 28 February 1996 are shown in the following table:

Principal Value of Estate	\$	Rate of Duty %
On the first	12,000,000	5
Above	12,000,000	10

1) The following are not included in the estate for the purposes of calculating the duty:

- a) The first \$9 million of the aggregate value of residential houses which the deceased owned;
- b) \$600,000 of the aggregate value of all other property; and
- c) the excess over \$600,000 (if any) of the aggregate amount standing to the credit of the deceased in the Central Provident Fund and in any designated pension or provident fund.

2) Bequests to any approved institutions are deductible from the principal value of the estate.

3) Where the deceased was neither domiciled in nor resident in Singapore, the following will be excluded from the principal value of the estate for the purpose of calculating the duty:

a) For deaths before 1 January 2002:

- ACU deposits and certificates;
- certain Asian Dollar Bonds;
- certain government bonds, stocks and securities;
- gold deposits and certificates;
- qualifying deposits and balances with futures members of the Singapore Exchange; and

b) For deaths on or after 1 January 2002:

- moveable assets, whether in Singapore or elsewhere.

Partnerships, Trusts, Estates, Charities and Mutual Concerns

Form	Basis of Assessment	Rate of Tax
Partnership	<ul style="list-style-type: none"> Each partner is assessed separately on his share of the divisible income of the partnership. 	At the rate applicable to status of partner.
Trust	<ul style="list-style-type: none"> Generally, the trustee is assessed on the income of the trust. Where entitlement to the trust income passes, the beneficiary is assessed on his share of the income. 	<p>Prevailing corporate rate.</p> <p>At the rate applicable to status of beneficiary with credit given for any tax suffered by trustee.</p>
Estate	<ul style="list-style-type: none"> The executor is assessed on the income of the estate. For estates administered in Singapore, a deduction is allowed in respect of any distributions to beneficiaries. The beneficiary is assessed on the amount received by or distributed to him or applied for his benefit. 	<p>Prevailing corporate rate.</p> <p>At the rate applicable to status of beneficiary.</p>
Charitable Institution	<ul style="list-style-type: none"> Exempt from tax if it applies not less than 80% of donations, income and capital gains it receives, for charities or charitable objects within Singapore. 	If taxable, at the rate applicable to the set-up of the charity.
Club and Others	<ul style="list-style-type: none"> Exempt from tax if more than half of its gross receipts (including entrance fees and subscriptions) are received from members. Interest and rental income are taxable after deducting appropriate expenses. 	If taxable, at graduated rates (Part B, Second Schedule) subject to maximum effective company's tax rate*.
Trade Association	<ul style="list-style-type: none"> Exempt from tax if not more than half of its receipts from entrance fees and subscriptions are from persons who claim or are entitled to claim deductions for such sums. 	

*Calculated as if the body of persons is a company and the effective rate is based on:

$$\frac{\text{Tax payable on Chargeable Income (CI) net of partial tax exemption}}{\text{CI before deducting partial tax exemption}}$$

Tax Rates

Corporate Tax	%
• Normal rate (note 1)	22
• Concessionary rate (note 2)	
- Shipping Companies	Exempt
- Financial Institutions or Finance and Treasury Centre (FTC)	0 to 10
- Members of Singapore Exchange (SGX) or Commodity Futures Exchange	5/10
- Securities Companies, Fund Managers or Trustee Companies	0 to 10
- Regional Headquarters	0 to 15
- Non-Resident Investors (in certain investments)	Exempt
- Insurance and Re-Insurance	10/Exempt
- Approved Investment Companies	Varies
- Offshore Leasing Companies	10
- Oil Traders or International Traders	10
- Other Incentives Companies	Varies

Withholding Tax	
Subject to tax exemption approved by the Minister or reduced rates per treaty provisions (see pages 40 to 42) withholding tax at the rate specified is required to be deducted in respect of the following payments to non-residents:	
<ul style="list-style-type: none"> • interest • royalties • rent or other payments for the use of movable property • professional fees to individuals (note 3) • technical fees • management fees • director's remuneration • copyright royalties in respect of literary, dramatic, musical or artistic work (note 4) • charter fees • sale of real properties 	<div style="display: flex; align-items: center; justify-content: flex-end;"> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin-right: 5px;"></div> <div style="margin-right: 10px;">15%</div> </div> <div style="display: flex; align-items: center; justify-content: flex-end; margin-top: 10px;"> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin-right: 5px;"></div> <div style="margin-right: 10px;">22%</div> </div> <div style="display: flex; align-items: center; justify-content: flex-end; margin-top: 10px;"> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin-right: 5px;"></div> <div style="margin-right: 10px;">1% to 3%</div> </div> <div style="display: flex; align-items: center; justify-content: flex-end; margin-top: 10px;"> <div style="border-left: 1px solid black; border-right: 1px solid black; height: 100px; margin-right: 5px;"></div> <div>see page 14</div> </div>

Note: 1) Partial exemption of up to \$52,500 applies to first \$100,000 of company's chargeable income (excluding Singapore dividend income).

2) See pages 17 to 36 for details on qualifying criteria.

3) With effect from 3 May 2002.

4) Where payee files a tax return, the maximum effective tax payable is at the rate of 2.2% of gross income.

Tax Rates (continued)

Goods And Services Tax (GST)	%
On supply of goods and services in Singapore	4.0 (note 1)
Export of goods and international services from Singapore and certain trustee services	0
Certain financial services, sales and lease of residential land and buildings	Exempt
Companies under the Approved Contract Manufacturer & Trader Scheme	Out of Scope

Capital Gains Tax

Generally there is no capital gains tax in Singapore, but see below for treatment of real property transactions.

Real Property Transactions

From 15 May 1996 to 12 October 2001, gains from the disposal of any real property or shares in a real property based company were subject to tax if the disposal had taken place within three years of the acquisition of the asset. With effect from 13 October 2001, this change was abolished but property traders or property developers continued to be subject to tax at the prevailing corporate tax rate (for companies) or marginal income tax rate (for resident individuals). Non-resident property traders or developers are still however subject to withholding tax at the rate of 15% from the gross sale proceeds.

Stamp duty:
Payable by buyer of properties
(residential or otherwise)

On consideration or value:	1% on first	\$180,000	} (note 2)
	2% on next	\$180,000	
	3% thereafter		

Payable by seller of residential
properties, including HDB flats

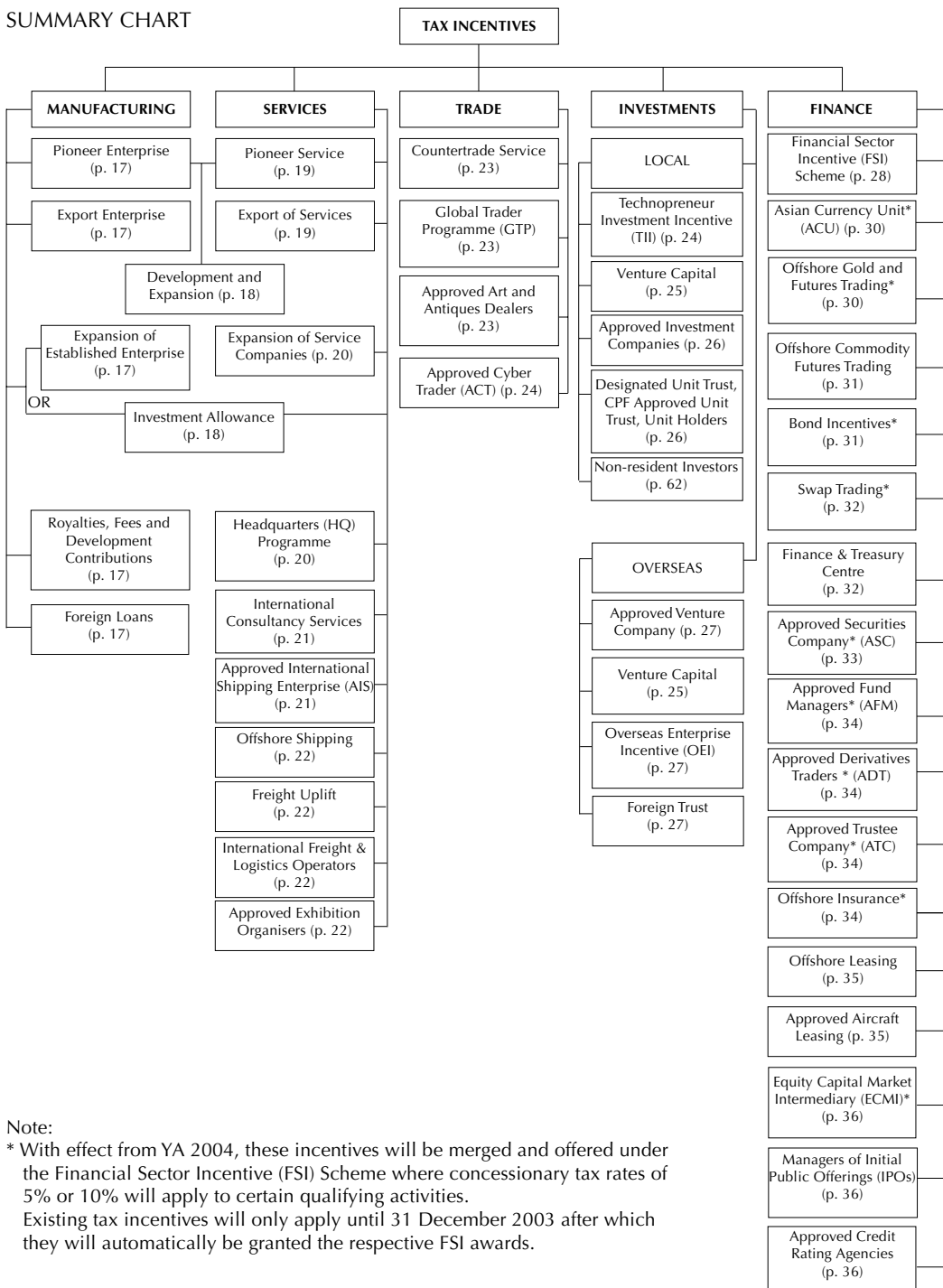
Duty suspended from 19 November 1997 and abolished from 28 February 2003.

Note: 1) With effect from 1 January 2003. There will be a further increase to 5% with effect from 1 January 2004.

2) The rates effective for instruments executed between 13 October 2001 and 31 December 2002 are reduced by 30%.

Tax Incentives

SUMMARY CHART



Note:

* With effect from YA 2004, these incentives will be merged and offered under the Financial Sector Incentive (FSI) Scheme where concessionary tax rates of 5% or 10% will apply to certain qualifying activities.

Existing tax incentives will only apply until 31 December 2003 after which they will automatically be granted the respective FSI awards.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
• Pioneer Enterprise	EDB	Most projects can be considered unless products are already manufactured locally without tax incentives.	Tax exemption on qualifying profits.	Five to 10 years depending on the merits of the project eg type of product, investment level, skills, gestation period, technology, etc.
• Export Enterprise	EDB	Export sales must be at least: i) 20% of value of total sales; and ii) \$100,000 per year	Exemption of 90% of incremental export profits.	Five years for a non-pioneer company and three years for a pioneer company.
• Expansion of Established Enterprise	EDB	Established companies incurring new capital expenditure of more than \$10 million for productive equipment expansion.	Tax exemption on the increased income as a result of the expansion.	10 years with provision for extension.
• Royalties, Fees and Development Contributions	MOF	Recipient is a non-resident person and such contributions are in public interest or are reinvested into the payer's company.	Exemption or reduced withholding tax.	For the duration of the agreement.
• Foreign Loans	EDB	i) Loan must be of a minimum amount of \$200,000 and the credit facilities are granted for the purchase of productive equipment; and ii) Lender is a non-resident person and the relief from Singapore tax will not increase his liability in his country of residence.	Exemption of withholding tax on interest payable on the loan.	Indefinite until the loan is repaid.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> • Development and Expansion 	EDB	<p>Approved companies engaged in:</p> <ul style="list-style-type: none"> i) manufacturing or increased manufacturing of any product that would be of economic benefit to Singapore; or ii) same qualifying activities as pioneer service companies (see above). 	<p>Tax rate as low as 5%. (w.e.f 3 May 2002)</p>	<p>Up to 10 years with provision for extension.</p>
<ul style="list-style-type: none"> • Investment Allowance 	EDB	<ul style="list-style-type: none"> i) Companies engaged in approved qualifying activities which include: <ul style="list-style-type: none"> a) manufacturing and specialised engineering or technical services activities; b) research and development activities; c) construction operations; d) projects for reducing consumption of water; e) qualifying activities same as those of pioneer services companies; f) projects for promotion of tourist industry (other than a hotel) in Singapore; and g) satellite operations. ii) Investment must be made within the stipulated qualifying period which should not exceed five years from Investment Day [or 10 years from Investment Day for item (f)]. iii) There is no minimum investment requirement. iv) The asset for which the incentive has been granted cannot be disposed of within the qualifying period and two years thereafter, without the approval of the Minister. 	<p>Tax exemption on chargeable income equal to approved percentage not exceeding 100% of the capital expenditure incurred on:</p> <ul style="list-style-type: none"> a) plant and machinery; b) factory building; c) acquisition of know-how or patent rights; d) efficient water recycling plant ; and e) satellite <p>Withholding tax exemption on lease payment to non-resident satellite owners.</p>	<p>Indefinite until allowance is used up.</p> <p>Up to 10 July 2007</p>

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> • Pioneer Service Companies 	EDB	<p>Companies engaged in qualifying activities which include:</p> <ul style="list-style-type: none"> i) any engineering or technical services including laboratory, consultancy and research and development activities; ii) computer-based information and other computer related services; iii) the development or production of any industrial design; 	Tax exemption on qualifying profits.	Five to 10 years with provision for extension.
<ul style="list-style-type: none"> • Export of Services 	EDB	<ul style="list-style-type: none"> i) Companies engaged in providing qualifying services which include: <ul style="list-style-type: none"> a) technical services, construction, distribution, design and engineering services; b) consultancy, management supervisory or advisory services; c) fabrication of machinery and equipment and procurement of materials, components and equipment; d) data processing, programming, computer software development, telecommunications and other computer services; e) professional services such as accounting, legal, medical, and architectural services; and f) education and training. ii) Services must relate to overseas projects for non-residents. iii) Minimum exports level of 20% of total revenue and commitment in terms of skilled manpower and fixed asset investments expected. 	Exemption of 90% of incremental export services income.	Up to 10 years with provision for extension.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> • Expansion of Service Companies 	EDB	<p>Companies engaged in the same qualifying activities as pioneer service companies (see page 19) which intended to substantially increase the volume of these activities.</p>	<p>Tax exemption on the increased income as a result of the expansion.</p>	<p>10 years with provision for extension.</p>
<ul style="list-style-type: none"> • Headquarters (HQ) Programme <ul style="list-style-type: none"> – Regional Headquarters (RHQ) Award 	EDB	<ul style="list-style-type: none"> i) Well-established companies undertaking substantial level of headquarters activities in Singapore, and is either; <ul style="list-style-type: none"> a) a foreign-owned company newly incorporated in Singapore; or b) a local company with equity ownership in less than 3 entities incorporated outside Singapore. ii) The company must: <ul style="list-style-type: none"> a) increase its paid-up capital to at least \$0.5 million at the end of year 3 of the incentive period; b) perform a minimum of 3 qualifying headquarters services, c) employ at least 75% skilled workers; d) employ at least an additional* 10 professionals based in Singapore; e) achieve a minimum value-added per worker of \$200,000 per annum; f) incur an average remuneration per worker of \$100,000 per annum; g) incur at least an additional* \$2 million in annual business spending in Singapore; and h) incur at least an additional* \$3 million in business spending cumulatively. <p>*Additional above the base figures prior to incentive commencement.</p>	<p>15% tax on incremental qualifying income.</p>	<p>Three years.</p>

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
– International Headquarters (IHQ) Award		<p>Companies that commit to substantially exceed the minimum criteria for the RHQ Award.</p> <p>[Note: The new HQ Programme streamlines & replaces the Operational HQ, Global HQ Manufacturing HQ and Business HQ Incentives.]</p>	0%, 5% or 10% on incremental qualifying income. (Tax rates customised based on commitment level.)	5 to 20 years.
• International Consultancy Services	EDB	<p>i) Companies or firms providing technical advisory services, design and engineering, fabrication and procurement of equipment, management and supervision of installation or construction, data processing, programming and other computer services.</p> <p>ii) The consultancy services must be provided in connection with an approved overseas project.</p> <p>iii) Expected annual consultancy revenue attributable to such services must exceed \$1 million.</p>	50% exemption of tax on incremental income from qualifying services.	Five years.
• Approved International Shipping Enterprise (AIS)	IES	<p>International shipping companies (Singapore resident) which:</p> <p>i) are established with a minimum fleet of five vessels (which include towage vessels, salvage ships, dredgers, seismic vessels and semi-submersible oil rigs);</p> <p>ii) have total business spending in Singapore of at least \$4 million per annum;</p> <p>iii) have at least 10% of fleet (minimum one ship) registered with the Singapore registry (w.e.f. 3 May 2002,</p>	<p>Tax exemption on:</p> <p>a) qualifying shipping income;</p> <p>b) dividends from approved subsidiaries and associated shipping companies; and</p>	10 years with provision for extension.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
		<p>minimum fleet requirement is lifted); and</p> <p>iv) have substantial operations and possess a team of professional expertise in Singapore (w.e.f. YA 2003, manpower requirement lifted for FPSO and FSO vessels).</p>	<p>c) income from operation of floating production storage offloading (FPSO) vessel and floating storage offloading (FSO) vessel outside Singapore.</p>	
• Offshore Shipping	#	Companies owning or operating a Singapore registered vessel or vessels in international traffic.	Tax exemption on qualifying shipping income.	Indefinite
• Freight Uplift	#	Shipowners and charterers deriving freight income from uplift from Singapore.	Tax exemption on freight uplift from Singapore.	Indefinite.
• International Freight and Logistics Operators	IES	<p>Qualifying company must:</p> <p>i) have substantial operations; and</p> <p>ii) have a good track record in the provision of freight and logistics services.</p>	<p>Tax rate as low as 10% on incremental income.</p> <p>Tax exemption on dividend income received from approved overseas network companies.</p>	Five years.
• Approved Exhibition Organisers	IES	<p>Qualifying company must:</p> <p>i) be a Singapore-based established exhibition company with good track record;</p> <p>ii) have clear and aggressive business development plan;</p> <p>iii) engage in organising and managing approved exhibition activities and conferences held in conjunction with approved exhibitions in Singapore; and</p> <p>iv) organise and manage international conferences in Singapore.</p>	Tax rate as low as 10% on incremental income.	Up to five years.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
• Countertrade Service	IES	Companies engaged in countertrade activities with at least one leg of the transaction, whether financial or physical movement of goods, routed through Singapore.	Tax exemption on qualifying profits.	Five years.
• Global Trader Programme (GTP)	IES	<p>1) Companies carrying on the business of international trading of commodities futures, including petroleum and petroleum products, which:</p> <ul style="list-style-type: none"> i) are established with worldwide network and good track record; ii) have a significant amount of directly attributable total business spending in Singapore per annum and conducts a substantial volume of physical trade; iii) employ a commensurate number of oil traders or international traders in Singapore; iv) contribute to manpower training and development of trading expertise in Singapore; v) make significant use of Singapore's banking, financial and other business services; and vi) support and make use of Singapore's trade infrastructure. <p>2) High-growth, medium-sized trading companies (w.e.f. 28 February 2003).</p>	<p>5% (w.e.f. 28 February 2003) or 10% tax on qualifying income, depending on company's turnover and spending.</p> <p>10% tax on qualifying income.</p>	<p>Five years with provision for extension.</p> <p>Three years.</p>
• Approved Art and Antiques Dealers	IES	Approved art and antiques dealers transacting on behalf of non-residents	10% tax on qualifying income.	Five years with provision for extension.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> • Venture Capital - Local 	EDB	<ul style="list-style-type: none"> i) Investment by eligible holding companies and individuals must be made in approved local venture company. ii) Corporate investors must be <ul style="list-style-type: none"> a) incorporated and resident in Singapore for tax purposes; and b) at least 50% owned by Singapore citizens or permanent residents of Singapore. iii) Individual investors must be Singapore citizens or permanent residents of Singapore. 	Losses incurred from the sale of shares of the venture company up to 100% of equity invested, can be offset against the investor's other taxable income.	As and when losses are incurred but with time restrictions.
<ul style="list-style-type: none"> - Overseas 	EDB	<ul style="list-style-type: none"> i) Investment by eligible companies in an overseas company to: <ul style="list-style-type: none"> a) develop or use a new technology in relation to a product, process or service; b) acquire for use in Singapore any technology from the overseas company; or c) gain access to any overseas market. ii) Investor companies must be <ul style="list-style-type: none"> a) incorporated and resident in Singapore for tax purposes; and b) at least 50% owned by Singapore citizens or permanent residents of Singapore. 	Losses incurred from sale of shares or the liquidation of the overseas company, up to 100% of equity invested, can be set off against the investor's other taxable income.	As and when losses are incurred but with time restrictions.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> Approved Investment Companies 	MOF	Companies whose business is to invest in securities and the principal part of their income is derived therefrom.	Proportion of gains subject to tax based on holding period of investments	Indefinite.
<ul style="list-style-type: none"> Designated Unit Trust/CPF Approved Unit Trust 	MOF	A unit trust which is resident in Singapore.	Tax exemption on: <ol style="list-style-type: none"> Gains on disposal of securities. Overseas interest income (if remitted). Overseas dividend income (if remitted). 	Indefinite.
<ul style="list-style-type: none"> Unit Holders 	–	<p>Non-resident investors who invest with a CPF approved unit trust.</p> <p>Non-resident investors who invest with a designated unit trust.</p> <p>Individual resident investors who invest with a designated unit trust.</p> <p>Individual resident investors who invest with a CPF approved unit trust using cash.</p>	<p>All distributions effectively tax free.</p> <p>All distributions effectively tax free.</p> <p>Capital gains not taxed.</p> <p>Capital gains not taxed.</p>	Not applicable.
<ul style="list-style-type: none"> Non-resident Investors 	–	<p>Funds of investors must be managed by an ACU of a financial institution, approved fund manager, OHQ or FTC.</p> <p>The funds must be invested in approved assets.</p> <p>Investors must be the beneficial owners of the funds managed.</p>	Tax exemption on qualifying income.	Not applicable.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> Approved Venture Company 	EDB	<p>Venture capital funds or venture capital fund management companies must:</p> <ul style="list-style-type: none"> i) be incorporated and based in Singapore; ii) have obtained the necessary approvals and licences from the MAS for their proposed activities; iii) commit to invest a certain percentage of its subscribed funds in Singapore and seed-stage and/or restart projects in Singapore; and iv) commit to employ a certain number of local venture capital professionals to manage the approved venture capital fund. 	<p>Tax exemption on:</p> <ul style="list-style-type: none"> a) gains from disposal of approved local and overseas investments; b) dividends from approved overseas investments; and c) interest income from convertible loan stocks. <p>Tax rate of not more than 10% during extension period.</p>	Up to 10 years with provision for extension.
<ul style="list-style-type: none"> Overseas Enterprise Incentive (OEI) 	EDB	<ul style="list-style-type: none"> i) Companies which invest in approved overseas investments and projects. ii) Investor companies must be: <ul style="list-style-type: none"> a) incorporated and resident in Singapore for tax purposes; and b) at least 50% owned by Singapore citizens or permanent residents of Singapore. 	<p>Tax exemption on:</p> <ul style="list-style-type: none"> a) dividends from qualifying investments; b) portion of domestic income which is connected to approved investments and projects; and c) income from other qualifying activities. 	Up to 10 years.
<ul style="list-style-type: none"> Foreign Trust 	MAS	<p>Foreign trusts and eligible investment holding companies of which an ATC is the trustee, or for which the ATC is providing trust management or administration services. W.e.f. YA 2004, the scheme is extended to foreign trusts administered by all trust companies in Singapore.</p>	<p>Tax exemption on:</p> <ul style="list-style-type: none"> a) qualifying income received by the foreign trust; and b) its beneficiary/s share of such income. 	Indefinite

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<p>Financial Sector Incentive (FSI) Scheme</p> <p>A) Standard-tier (ST) Awards</p>	<p>MAS</p>	<p>i) Financial institutions currently enjoying the Asian Currency Unit tax incentive will automatically be granted the award.</p> <p>ii) Financial institutions currently enjoying the Approved Fund Manager or Operational Headquarters incentives will automatically be granted the award.</p> <p>iii) New applicants engaged in non-headquarters activities must:</p> <p>a) Employ at least 5 professional staff engaged in any of the qualifying activities in Singapore; or</p> <p>b) Employ at least 3 professional staff here if the applicant is engaged only in fund management or investment advisory services.</p> <p>Other qualitative factors will also be taken into consideration.</p> <p>iv) New applicants for FSI-Headquarters award must:</p> <p>a) be engaged in headquarters services and perform at least 3 qualifying headquarters services;</p> <p>b) maintain at least 4 professional staff in headquarters services;</p> <p>c) incur annual total business spending of at least \$2 million; and</p> <p>d) service at least 2 network companies outside Singapore.</p>	<p>10% tax on income derived from ST qualifying activities provided there is at least 1 professional staff engaged in the respective categories of activities.</p> <p><i>[A qualifying base will be imposed on the income derived from the qualifying activities except headquarters services, fund management or investment advisory activities.]</i></p>	<p>Five years from 1 January 2004 to 31 December 2008.</p> <p>Up to the expiry of the existing incentives.</p> <p>Five to ten years.</p> <p>Five to ten years.</p>

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
B) Enhanced-tier (ET) Awards		Companies currently granted the Equity Capital Market Intermediary or Approved Derivatives Trader incentives will be granted the respective ET awards. For new applicants, the respective criteria for the various awards will apply as follows.	5% tax on income derived from ET qualifying activities.	Up to the expiry of the existing awards.
i) Bond Market (FSI-BM)		The company must: a) employ at least 8 professional staff covering origination, trading and distribution of debt securities; b) demonstrate its degree of expertise in origination and structuring, as well as the extent of debt sales, distribution and trading capabilities in Singapore.	<i>Additional benefit:</i> Debt securities lead managed by a company with the FSI-BM award will be granted automatic qualifying debt securities status (see Bond Market Incentives).	Five to ten years.
ii) Derivatives Market (FSI-DM)		The company must: a) employ at least 6 professional staff covering origination, structuring and trading activities in relation to financial derivatives; b) demonstrate the extent to which the financial derivatives team in Singapore has responsibility for structuring or trading of derivatives.	<i>Additional benefit:</i> Withholding tax exemption for payments on qualifying derivatives.	Five to ten years.
iii) Equity Market (FSI-EM)		The company must employ at least 3 professional staff who are performing corporate finance, sales/trading or research activities in Singapore.		Five to ten years.
iv) Credit Facilities Syndication (FSI-CFS)		The company must employ at least 2 professional staff performing any syndication functions in Singapore.		Five to ten years.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> Asian Currency Unit (ACU) (note on page 16) 	MAS	Company must be an approved financial institution.	10% tax on qualifying ACU income.	Up to 31 Dec 2003.
		Total taxable income for all ACU activities exceeding S\$50 million.	5% tax on incremental taxable income.	Five years up to YA 2002.
		Management of funds of at least S\$10 billion from foreign investors.	Tax exemption on qualifying income.	Five years up to 31 Dec 2003.
		Management of funds of less than S\$10 billion from foreign investors with commitment to increase fund management activities substantially	Tax exemption on qualifying income on a case-by-case basis.	Up to 31 Dec 2003.
<ul style="list-style-type: none"> Offshore Gold and Futures Trading (note on page 16) 	MAS	Company must be a futures member of the Singapore Exchange (SGX), and transacting with: <ul style="list-style-type: none"> i) an ACU of a financial institution; ii) another futures member of SGX; iii) a non-resident of Singapore; iv) a foreign branch of a Singapore-resident company; or v) an AFM. 	10% tax on income derived from transactions in gold bullion, commodity and financial futures and spot transactions in designated currencies.	Up to 31 Dec 2003.
		Companies that are a futures member of the SGX for at least 3 years and are among the top 20 corporate futures members.	5% tax on the incremental taxable income.	Five years, Up to 31 Dec 2003.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> Offshore Commodity Futures Trading 	MAS	Company must be a member of the Singapore Commodity Exchange and transacting with: <ul style="list-style-type: none"> i) an ACU of a financial institution; ii) another Exchange member; or iii) a non-resident of Singapore. 	10% tax on income derived from transactions in specified futures contracts.	Indefinite.
<ul style="list-style-type: none"> Bond Market Incentives (note on page 16) 	MAS	<ul style="list-style-type: none"> i) Income received by financial institutions from arranging bonds and debt securities in Singapore, including underwriting and distribution of such securities. ii) Income derived by financial institutions from trading in debt securities. iii) Income derived by primary dealers from trading in Singapore Government Securities. iv) Interest earned by financial institutions corporations and bodies of persons in Singapore from debt securities substantially arranged by financial institutions in Singapore. v) Interest earned by non-residents. <p>Note: Debt securities lead managed by financial institutions with Approved Bond Intermediary (ABI) status, would be treated as being substantially arranged in Singapore, and therefore, enjoy similar tax incentives.</p>	<ul style="list-style-type: none"> Tax exemption on qualifying income. 10% tax on qualifying income. Tax exemption on qualifying income. 10% tax on qualifying income. Withholding tax exemption on qualifying income. 	<ul style="list-style-type: none"> In respect of qualifying debt securities issued within a five-year period up to 27 February 2003. Five years up to 27 February 2003 Nine years up to 27 February 2008 In respect of qualifying debt securities issued within a ten-year period up to 27 February 2008. ABI status may be awarded for any duration up to 31 December 2003. The FSI award will apply from 1 January 2004 (see pages 28 & 29).

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> • Swap Trading (note on page16) 	MAS	Income received by financial institutions in Singapore from <ul style="list-style-type: none"> i) trading in interest rate and currency swaps ii) providing services as an intermediary in connection with any transaction involving interest rate or currency swaps. 	10% tax on qualifying income. Withholding tax exemptions on currency swaps (effective 25 February 2000 for transactions involving financial institutions).	Up to 31 Dec 2003. Indefinite.
<ul style="list-style-type: none"> • Finance and Treasury Centre (FTC) 	MAS	Companies which provide finance and treasury services to related and associated companies outside Singapore including: <ul style="list-style-type: none"> i) regional and international treasury management functions; ii) global and regional fund management and other related activities; iii) credit facilities; iv) corporate finance and advisory services; v) financial, economic and investment research and analysis; and vi) credit control and administration. 	10% tax on income arising from provision of qualifying services. Tax exemption for specified income of approved related companies received in Singapore.	Five to 10 years with provision for extension.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> • Approved Securities Company (ASC) (note on page 16) 	MAS	<p>Company must be:</p> <ul style="list-style-type: none"> i) providing services to non-residents in connection with transactions relating to non-Singapore dollar securities. ii) trading in non-Singapore dollar securities with: <ul style="list-style-type: none"> (a) an ACU of a financial institution; (b) another approved securities company; (c) a non-resident of Singapore; or (d) an approved fund manager. iii) involved in foreign securities lending and borrowing activities. iv) conducting syndication of offshore credit and underwriting facilities. v) providing services as a broker, a nominee or a custodian on behalf of an ACU of a financial institution or another approved securities company in connection with transaction of foreign securities. <p>New applicants must be trading in non-Singapore dollar securities during the last six months prior to the date of application.</p> <p>Transactions in non-Singapore dollar securities should account for at least 10% of the company's total foreign securities transactions.</p> <p>Income earned from trading shares denominated in foreign currency and listed on the Singapore Exchange.</p>	<p>10% tax on qualifying income relating to (i) to (v).</p> <p>Tax exemption on payments to non-residents in connection with securities lending and borrowing in (iii).</p> <p>Tax exemption on income from syndication business in (iv).</p> <p>Tax exemption on qualifying income.</p>	<p>Up to 31 Dec 2003.</p> <p>Five years up to 31 March 2003.</p> <p>Five years up to 31 Dec 2003</p>

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> Approved Fund Managers (AFM) (note on page 16) 	MAS	<p>Companies with:</p> <ul style="list-style-type: none"> i) at least 2 investment professionals, including a chief fund manager with at least 5 years' fund management experience; ii) at least \$100 million of assets under Singapore fund manager's management; and ii) a 5-year growth plan commitment. <p>This revised AFM Scheme (which merges the AFM and ABFM Schemes) takes effect from YA2003.</p>	<p>10% tax on fees and commission.</p> <p>Tax exemption on qualifying investment income.</p>	<p>Five years with provision for extension, up to 31 Dec 2003</p> <p>With effect from 3 May 2002, up to five years from date of award.</p>
<ul style="list-style-type: none"> Approved Derivatives Traders (ADT) (note on page 16) 	MAS	<p>Companies must:</p> <ul style="list-style-type: none"> i) have at least 6 professional staff; ii) have an over-the-counter (OTC) financial derivatives team in Singapore; and iii) commit to increase the number of professional staff for activities relating to OTC financial derivatives. 	<p>5% tax on qualifying derivative income.</p> <p>Tax exemption on qualifying derivatives income.</p>	<p>Five years from date of award up to 31 Dec 2003.</p>
<ul style="list-style-type: none"> Approved Trustee Company (ATC) (note on page 16) 	MAS	<p>Companies which provide specified trust services to non-residents in respect of non-Singapore dollar investments.</p>	<p>10% tax on qualifying income.</p>	<p>Up to 31 Dec 2003.</p>
<ul style="list-style-type: none"> Offshore Insurance 	MAS	<p>Approved insurance companies which engage in the business of insuring and reinsuring offshore risks.</p>	<p>10% tax on:</p> <ul style="list-style-type: none"> a) income arising from the business of insuring and reinsuring offshore risks; 	<p>Indefinite.</p>

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
			<p>b) dividends and interest (including ACU deposits) from investment of off-shore business income; and</p> <p>c) gains from sale of offshore investments mentioned in (b) above.</p>	<p>Indefinite.</p> <p>Five years with provision for extension.</p>
		Income from writing offshore and onshore (wef YA 2004) marine hull and liability risks.	<p>Tax exemption on qualifying income.</p> <p>Tax deduction on special reserves set aside for certain offshore risks (w.e.f YA 2003.)</p>	<p>Up to 10 years.</p> <p>Up to 10 years.</p>
• Offshore Leasing	#	Companies which engage in offshore leasing of machinery or plant.	10% tax on qualifying leasing income.	Indefinite
• Approved Aircraft Leasing	IES	<p>Company must:</p> <p>i) be a reputable international aircraft operating lessor which uses Singapore as an operating base;</p> <p>ii) have annual total business spending in Singapore of at least S\$4 million by the second year of operation and S\$10 million by the fifth year; and</p> <p>iii) employ at least three experienced marketing and technical staff.</p>	<p>10% tax on qualifying income.</p> <p>Tax exemption on interest payment for foreign loans taken up during relief period.</p> <p>Depreciation period of aircraft extended to 20 years during relief period.</p>	5 years with provision for extension.

Tax Incentives (continued)

Type	*	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> Equity Capital Market Intermediary (ECMI) (note on page 16) 	MAS	<p>Banks and merchant banks with ACUs and securities companies with</p> <ul style="list-style-type: none"> corporate finance activities must have minimum of 3 professionals based in Singapore; and securities trading/securities lending activities must have a minimum of 2 sales/trading professionals and 2 research analysts within the Singapore-based group. <p>This scheme was carved out from the equity capital market incentives of the ACU and ASC schemes and applies with effect from YA2003.</p>	<p>10% tax on qualifying corporate advisory services.</p> <p>10% tax on qualifying equity capital market activities.</p> <p>5% tax on qualifying foreign securities sales and related services.</p>	<p>From YA2003 up to 31 Dec 2003.</p> <p>Five years from date of award up to 31 Dec 2003.</p> <p>From YA2003 up to 31 Dec 2003.</p>
<ul style="list-style-type: none"> Managers of Initial Public Offerings (IPOs) 	MAS	Company must be a bank or merchant bank and earns income from managing IPOs of foreign currency denominated shares to be listed on the Singapore Exchange.	Tax exemption on qualifying income.	Five years with provision for extension.
<ul style="list-style-type: none"> Approved Credit Rating Agencies 	MAS	<p>Company must:</p> <ol style="list-style-type: none"> have a track record in international credit rating of at least 10 years; employ at least two qualified credit analysts in Singapore; and incur annual business spending of at least \$500,000 in Singapore. 	10% tax on income from provision of credit rating services with respect to the issue of foreign currency denominated securities in Singapore.	Five years with provision for extension.

* Application is to be made to:

EDB - Singapore Economic Development Board
 IES - International Enterprise Singapore (previously known as Singapore Trade Development Board)

MAS - Monetary Authority of Singapore
 MOF - Ministry of Finance

No application required – Incentive to be claimed upon submission of tax return to the Inland Revenue Authority of Singapore.

Special Tax Deductions

Type	*	Requirement	Deduction
• R & D Expenses	EDB	Companies which incur expenditure on R & D projects related to their trade or business. Note: With effect from YA 2003, for R & D projects outsourced to an overseas R & D organisation, the intellectual property created must belong to the Singapore business entity which incurs the expenditure.	R & D expenses.
• Intellectual Property (IP) Expenses	EDB	The invention has not received any Patent Application Fund Plus grant and the legal and economic ownership of the resulting IP lies with the company claiming the deduction. Further details to be released by EDB.	Patenting Costs
• Export Promotion and Market Development	IES	Companies which: i) participate in approved trade fairs, missions and promotion activities; ii) set up approved overseas trade offices; or iii) carry out approved marketing projects.	Export promotion and market development expenses up to amount specified by the Minister.
• Overseas Investment Development	EDB	Firms or companies resident and carrying on business in Singapore which: i) carry out an approved investment project overseas; or ii) maintain an approved overseas project development office established for the purpose of identifying, initiating and developing any approved investment overseas.	Approved expenses incurred on: a) maintenance of approved office; b) studies to identify overseas investment; and c) feasibility or due diligence studies.
• Financial R&D Expenses	MAS	Financial institutions engaged in the research and development of any approved new financial activity.	R & D expenses incurred on: a) salary/wages; b) direct legal expenses; c) training courses; and d) financial consultancy services up to 30% of statutory income. Initially granted for five years with provision for extension.

Special Tax Deductions (continued)

Type	*	Requirement	Deduction
• Scheme for tax-deductible special reserves	MAS	General insurers with: i) at least one underwriter with no less than three years of relevant experience in respect of the qualifying business group(s); ii) plans to further develop the qualifying business group(s) in Singapore, eg. commitment to increased headcount; and iii) plans to develop capabilities in Singapore.	Special reserves set aside for specified offshore insurance risk.
• Gifts to Approved Museum	MITA & NHB	<ul style="list-style-type: none"> Private art collectors who donate their art collections to the National Museum of Singapore without any naming opportunities Donations of artefacts with naming opportunities Donations of public sculptures 	<p>Double the donation value.</p> <p>Donation value</p> <p>Details to released by 1 July 2003.</p>
• Donations	# IDA # #	<ul style="list-style-type: none"> Cash donations Donations of computers Donations of shares by individual Donations of buildings & land parcels (wef 1 April 2003) Donations with naming opportunities 	<p>Double the donation value.</p> <p>Single/double the donation value</p>
• Master Franchising and Master Licensing	IES	Firms or companies which: i) are resident in Singapore; and ii) hold the rights to master franchise or master intellectual property licence.	Approved expenses incurred in provision of services relating to master franchise or master intellectual property licence.
• Employment of Talent from Abroad	MOM	Companies which incur relocation and recruitment expenses in hiring talents from abroad.	Relocation and recruitment expenses.
• Hotel Refurbishment Expenditure	STB	Companies which incur expenditure on approved refurbishment of hotel premises.	Up to 150% of qualifying expenditure (in lieu of capital allowances).

Special Tax Deductions (continued)

* Application is to be made to:

EDB - Singapore Economic Development Board

IDA - Infocomm Development Authority of Singapore

IES - International Enterprise Singapore (previously known as Singapore Trade Development Board)

MAS - Monetary Authority of Singapore

MITA - Ministry of the Information, Communications & the Arts

MOM - Ministry of Manpower

NHB - National Heritage Board

STB - Singapore Tourism Board

No application required - deductions to be claimed upon submission of tax return to the Inland Revenue Authority of Singapore.

Non-Fiscal Incentives

Non-fiscal incentives are accorded to qualifying small and medium sized enterprise (SMEs). These are administered by the various government agencies.

Double Taxation Agreements

Singapore has concluded double taxation treaties with the following countries and the main reliefs are summarised below:

Country	Air Transport	Shipping	Tax on Dividends (2)	Tax on Interest	Tax on Royalties
Australia	Exempt	Exempt	15%	10%	10% (4a)
Austria	Exempt	Exempt	0% or 10% (2b)	5% (3b,d)	5%
Bangladesh	Exempt	50% of normal rate	15%	10%	10% (4a)
Belgium	Exempt	Exempt	15%	15%	Exempt (4a)
Bulgaria	Exempt	Exempt	5% (2b)	5% (3b)	5%
Canada	Exempt	Exempt	15%	15%	15%
China	Exempt	Exempt	7% or 12%	7% or 10% (3a,b)	10%
Cyprus	Exempt	Exempt	Exempt	7% or 10% (3a,b)	10%
Czech Republic	Exempt	50% of normal rate	5%	Exempt	10%
Denmark	Exempt	Exempt	0%, 5% or 10% (2b)	10% (3b)	10%
Egypt	(1)	(1)	(1)	(1)	(1)
Finland	Exempt	Exempt	0%, 5% or 10% (2b)	5% (3b)	5%
France	Exempt	Exempt	10% or 15%	10% (3b,c)	Exempt (4a)
Germany	Exempt	Exempt	10% or 15%	10% (3b)	Exempt (4a)
Hungary	Exempt	50% of normal rate	5% or 10% (2b)	5% (3b,d)	5%
India	Exempt	Exempt	10% or 15%	10% or 15% (3a)	10% or 15% (4b)
Indonesia	Exempt	50% of normal rate	10% or 15%	10% (3b,e)	15%
Israel	Exempt	Exempt	Exempt	15%	15% (4a)
Italy	Exempt	Exempt	10%	12.5% (3b)	15% or 20%
Japan	Exempt	Exempt	5% or 15%	10% (3b)	10%
Kuwait	Exempt	Exempt	Exempt	7% (3b)	10%
Latvia	Exempt	Exempt	5% or 10% (2b)	10% (3b)	7.5%

Double Taxation Agreements (continued)

Singapore has concluded double taxation treaties with the following countries and the main reliefs are summarised below:					
Country	Air Transport	Shipping	Tax on Dividends (2)	Tax on Interest	Tax on Royalties
Luxembourg	50% of normal rate	50% of normal rate	5% or 10% (2b)	10% (3b)	10%
Malaysia	50% of normal rate	50% of normal rate	At domestic rates (2b)	At domestic rates (3b)	At domestic rates (4d)
Mauritius	Exempt	50% of normal rate	Exempt	Exempt	Exempt
Mexico	Exempt	50% of normal rate	Exempt	5% or 15% (3a,b)	10%
Mongolia	(1)	(1)	(1)	(1)	(1)
Myanmar	Exempt	50% of normal rate	Exempt	8% or 10% (3a,b)	10% or 15% (4c)
Netherlands	Exempt	Exempt	Exempt or 15%	10% (3b)	Exempt (4a)
New Zealand	Exempt	Exempt	15%	15%	15% (4a)
Norway	Exempt	Exempt	5% or 15% (2b)	7% (3b)	7%
Pakistan	Exempt	50% of normal rate	10%, 12.5% or 15%	12.5% (3b)	10% (4a)
Papua New Guinea	Exempt	Exempt	15%	10%	10%
Philippines	up to 1.5% of gross revenue generally	up to 1.5% of gross revenue generally	15% or 25%	15% (3e)	0%, 15% or 25%
Poland	Exempt	50% of normal rate	10% (2b)	10% (3b)	10%
Portugal	Exempt	Exempt	10% (2b)	10% (3b,e)	10%
Romania	Exempt	Exempt	5% (2b)	5% (3b)	5%
Russian Federation	(1)	(1)	(1)	(1)	(1)
South Africa	Exempt	Exempt	5% or 15% (2b)	Exempt	5%
South Korea	Exempt	Exempt	10% or 15%	10% (3b)	15%
Sri Lanka	Exempt	50% of normal rate	15%	Exempt or 10% (3a,b)	15%

Double Taxation Agreements (continued)

Singapore has concluded double taxation treaties with the following countries and the main reliefs are summarised below:

Country	Air Transport	Shipping	Tax on Dividends (2)	Tax on Interest	Tax on Royalties
Sweden	Exempt	50% of normal rate	10% or 15% (2b)	10% or 15% (3b,c)	Exempt (4a)
Switzerland	Exempt	50% of normal rate	10% or 15%	Exempt or 10% (3f)	Exempt or 5% (4a,e)
Taiwan	Exempt	up to 2% of gross revenue	40% (together with corporate tax)	At normal rates	15% (4a)
Thailand	Exempt	50% of normal rate	20% generally	10% or 25% (3a,b)	15%
Turkey	Exempt	50% of normal rate	10% or 15% (2b)	7.5% or 10% (3a,b)	10%
United Arab Emirates	–	Exempt	5%	7% (3b)	5% (4f)
United Kingdom	Exempt	Exempt	5% or 15%	10% (3b)	10%
Vietnam	Exempt	Exempt	5%, 7% or 12.5% (2b)	10% (3b)	5% or 15% (4c)

Notes:

- 1) Treaties signed but not yet ratified.
- 2) Dividends:
 - a. Except for the Malaysia/Singapore DTA, dividends paid by a company which is a resident of Singapore to a resident of a treaty country are exempt from any tax in Singapore which is chargeable on dividends in addition to tax chargeable in respect of the profits or income of the company. The rates shown in this column therefore reflect the position of the other treaty country.
 - b. Exempt if paid to the government.
- 3) Interest:
 - a. Lower rate or exemption if received by a financial institution;
 - b. Exempt if paid to the government;
 - c. Exempt if paid by an approved industrial undertaking;
 - d. Exempt if paid by a bank and received by a bank;
 - e. Exempt if paid to bank but linked to government loan agreement or paid to specific financial institutions/banks;
 - f. Exempt if paid in respect of an approved loan or indebtedness.
- 4) Royalties:
 - a. Royalties on literary or artistic copyrights, including film royalties, are taxed at non-treaty rates;
 - b. Lower rate for payments in respect of industrial, commercial or scientific equipment;
 - c. Lower rate for payments in connection with patents, designs, secret formulas/processes, or industrial, commercial or scientific equipment/experience;
 - d. Exempt if paid to the government;
 - e. Exempt for approved royalties;
 - f. Lower rate or exempt for industrial royalties in accordance with domestic laws.

Others Agreements

Investment Guarantees

Singapore has concluded investment promotion and protection agreements with the following:

- | | |
|---|---|
| <ul style="list-style-type: none"> • ASEAN • Belgo - Luxembourg Economic Union • Belarus • Cambodia • Canada • China • Czech Republic • Egypt • France • Germany • Hungary • Laos • Latvia | <ul style="list-style-type: none"> • Mauritius • Mongolia • Netherlands • Pakistan • Poland • Riau Archipelago • Slovenia • Sri Lanka • Switzerland • United Kingdom • United States of America • Vietnam • Zimbabwe |
|---|---|

Free Trade Agreements (FTAs)

Singapore has concluded / is negotiating FTAs with the following:

Concluded	Under negotiation
<ul style="list-style-type: none"> • Australia • European Free Trade Association • Japan • New Zealand • United States of America 	<ul style="list-style-type: none"> • ASEAN and the People's Republic of China • Canada • Republic of Korea • Mexico

Air Transport/Shipping Agreements

Country	Air Transport	Shipping
Bahrain	Exempt	–
Chile	–	Exempt
Oman	Exempt	–
Saudi Arabia	Exempt	–
United Arab Emirates	Exempt	–
United States of America	Exempt	Exempt

Due Dates

Type of Filing	Form Designation	Due Date of Filing	Due Date of Payment of Tax (Where Applicable)
Returns Relating to Taxpayer's Income			
<ul style="list-style-type: none"> Resident individual income tax return 	Form B/B1 or E-file	By 15 April or by extension date.	
<ul style="list-style-type: none"> Non-resident individual income tax return 	Form M		
<ul style="list-style-type: none"> Partnership income tax return 	Form P		
<ul style="list-style-type: none"> Associations, clubs, and other societies income tax return 	Form P1		
<ul style="list-style-type: none"> Charities income tax return 	Form P2		
<ul style="list-style-type: none"> Trust and estate income tax return 	Form T		
<ul style="list-style-type: none"> Company income tax return 	Form C	By 31 July or by extension date.	
<ul style="list-style-type: none"> Company group relief application 	Form GR-A/GR-B	By 31 July or by extension date of Form C filing.	
Employer's Returns Relating to Employee's Income			
<ul style="list-style-type: none"> Return of employee's remuneration 	IR8A/8S/8C	By 1 March	
<ul style="list-style-type: none"> Notification of cessation of employment of an individual who is not a citizen or permanent resident of Singapore. 	Form IR21	One month before the date of cessation of employment	

Due Dates (continued)

Type of Filing	Form Designation	Due Date of Filing	Due Date of Payment of Tax (Where Applicable)
<p>Returns Relating to Withholding Tax on Certain Payments to Non-Residents</p> <ul style="list-style-type: none"> • Interest, royalty, technical fee, management fee • Directors' fee • Certain distribution by approved unit trusts • Rent on moveable properties • Sale of real properties (see page 32 for details) • Supplementary Retirement Scheme withdrawals • Non-resident professional fees <p>Where reduced withholding rate is applicable</p> <p>GST Returns for Registered Taxable Persons</p> <ul style="list-style-type: none"> • Prescribed accounting period <ul style="list-style-type: none"> - three months (standard) - one month (optional) 	<p>Form IR37</p> <p>Form IR37A</p> <p>Form IR37B</p> <p>Form IR37C</p> <p>Form IR585</p> <p>GST F5</p>	<p>By the 15th of the month following the date of payment or deemed payment to non-resident (effective for transactions with date of payment on or after 1 April 2003).</p> <p>Within 10 days of payment or deemed payment to non-resident (for transactions with date of payment prior to 1 April 2003).</p> <p>Generally by 31 March of following year or by extension date</p> <p>Within one month from end of prescribed accounting period.</p>	<p>As per Due Date of Filing.</p> <p>Within one month from end of prescribed accounting period or on 15th of the month following the due date of Return if under GIRO.</p>

Due Dates (continued)

Type of Filing	Form Designation	Due Date of Filing	Due Date of Payment of Tax (Where Applicable)
<p>Other Notification to Tax Comptroller</p> <ul style="list-style-type: none"> Notification of chargeability of tax Notification of estimate of chargeable income from a trade or business Notification by tax resident on payment of dividends (out of section 44 balance accumulated up to 31 December 2002) <p>Note: Not applicable if company opts to move into the one-tier tax system which was introduced from 1 January 2003.</p>	<p>–</p> <p>IRIS320/322 or E-file</p> <p>Section 44A Statement</p>	<p>By 14 April if no tax return has been issued to that person and in the case of an individual who arrives in Singapore during the year, within one month of the date of arrival.</p> <p>Within three months after financial year end.</p> <p>Within 14 days after payment of dividends.</p>	<p>Where maximum instalments are required, first instalment of tax must be paid one month immediately following the financial year end.</p> <p>Where a tax franking surcharge is due, payment must be made within 14 days.</p>

Due Dates (continued)

Type of Filing	Form Designation	Due Date of Filing	Due Date of Payment of Tax (Where Applicable)
<p>Notification of Tax Charged or Computed By Tax Comptroller</p> <ul style="list-style-type: none"> • Notice of assessment to income tax <ul style="list-style-type: none"> • Computation of partners' share of profit <p>Employer's Notification of Payments Due to CPF Board</p> <ul style="list-style-type: none"> • CPF Contribution, Skills Development Levy and Foreign Workers Levy 	<p>–</p> <p>Form IR95</p> <p>Form CPF 91</p>	<p>Within 30 days of issue of the notice of assessment:</p> <ul style="list-style-type: none"> • To lodge objection if assessment is disputed; and/or • To submit group relief application if company can qualify due to the assessment. <p>If disputed, objection to be filed within 14 days of issue date of computation.</p> <p>Within 14 days of month end when payment is due, but if less than 4 employees, within 10 days.</p>	<p>Within one month of issue date of notice of assessment or by a maximum of 10/12 instalments where prearranged.</p> <p>As per Due Date of Filing.</p>

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Our people