



# Tax Facts & Figures\*

## 2006 Singapore

(Incorporating 2006 Budget Proposals)

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## Singapore

### (Incorporating 2006 Budget Proposals)

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## Resident Individual Income Tax Rates (Years of Assessment 2006 to 2007)

	Chargeable Income \$	Year of assessment 2006		Year of assessment 2007	
		Rate %	Tax \$	Rate %	Tax \$
On the first	20,000	0.00	0.00	0.00	0.00
On the next	10,000	3.75	375.00	3.50	350.00
On the first	30,000		375.00		350.00
On the next	10,000	5.75	575.00	5.50	550.00
On the first	40,000		950.00		900.00
On the next	40,000	8.75	3,500.00	8.50	3,400.00
On the first	80,000		4,450.00		4,300.00
On the next	80,000	14.50	11,600.00	14.00	11,200.00
On the first	160,000		16,050.00		15,500.00
On the next	160,000	18.00	28,800.00	17.00	27,200.00
On the first	320,000		44,850.00		42,700.00
On income above	320,000	21.00		20.00	

Non-Resident Rates	
Type of Income	%
Director's remuneration	20
Entertainer's professional income	15
Other professional income (note 1)	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>	20

Note: 1) Non-resident taxpayer may make an irrevocable option to be taxed at 20% of net income.

## Tax Exemptions / Relief for Individuals

- Partial exemption for interest income derived from standard savings, current and fixed deposits during the period 1 January 2003 to 31 December 2004.
- Full exemption for all interest income derived from all deposits from 1 January 2005.
- All foreign-sourced income received by resident individuals (on or after 1 January 2004 except through a partnership in Singapore) and non-resident individuals.
- Singapore-sourced investment income from certain financial instruments derived by resident and non-resident individuals from 1 January 2004.
- Tax relief is available to the following individuals:
  - one who is not resident in, but is a citizen of Singapore; and
  - 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:

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

Singapore citizens and permanent residents who have worked for at least six months overseas in any calendar year could be considered as non-residents.

## Not Ordinarily Resident (NOR) Scheme

A Singaporean, Singapore permanent resident (SPR) or foreigner may qualify for NOR status for a 5-year period if he:

- has not been a Singapore tax resident in the 3 years of assessment preceding the year in which he first qualifies for the NOR scheme; and
- is a Singapore tax resident for the year of assessment in which he wishes to qualify for the scheme.

An NOR will enjoy tax exemption on:

- time apportioned income from Singapore employment by reference to time spent outside Singapore on business;
- employer's contributions to non-mandatory overseas social security schemes / pension funds for non-Singapore citizens / non-SPRs; and
- remittance of pre-assignment income (no longer relevant with the blanket exemption on all foreign-sourced income received by individuals).

## Resident Taxpayer Personal Reliefs

Earned Income Relief	55 yrs and below	56 to 60 yrs	over 60 yrs	
Normal	\$1,000	\$3,000	\$4,000	} (or earned income if less)
Handicapped	\$2,000	\$5,000	\$6,000	

Wife Relief	\$2,000
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Child Relief / Marriage & Parenthood Reliefs and Rebates (with effect from YA 2005)	1st Child	2nd Child	3rd Child	4th Child	5th Child
<b>Qualifying Child Relief</b> (note 1)					
Claimable by Singapore tax residents (either parent) for:					
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	
<b>Parenthood Tax Rebates (PTR) [Replaces Special Tax Rebate]</b> (note 2)					
Claimable by Singapore tax residents who are married, divorced or widowed with Singapore citizen babies born or adopted on or after 1 January 2004	Nil	\$10,000	\$20,000	\$20,000	Nil
Transitional arrangement for Special Tax Rebate claim:					
For mothers who gave birth to their second child in 2004 before they reach:					
29 years of age	–	\$15,000	–	–	–
28 years of age	–	\$20,000	–	–	–

## Resident Taxpayer's Personal Reliefs (continued)

### Child Relief / Marriage & Parenthood Reliefs and Rebates (continued)

1st Child	2nd Child	3rd Child	4th Child	5th Child
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#### Working Mother's Child Relief (WMCR) [Replaces the Enhanced Child Relief / Futher Tax Rebates]

(notes 1 & 2)

Claimable by working mothers (including widows and divorcees) who have Singapore citizen children	5% of earned income	15% of earned income	20% of earned income	25% of earned income	Nil
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Transitional arrangement for Futher Tax Rebate claim:

For mothers who gave birth to their third or fourth child in 2004:	–	–	15% of earned income capped at \$20,000	15% of earned income capped at \$40,000	–
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#### Grandparent Caregiver Relief (GCR) (note 2)

Claimable by working mothers (including widows and divorcees) who have Singapore citizen children aged 12 years or below					\$3,000
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#### Delivery and Hospitalisation Expenses for Fourth Child

Singapore tax residents who incurred delivery and hospitalisation expenses for fourth child (for expenses incurred up to 31 July 2004 only)					Up to \$3,000
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- Notes: 1) The total amount of child relief (i.e. including Qualifying Child Relief, Handicapped Child Relief & WMCR) for each child is capped at \$25,000.  
2) Conditions apply.

#### 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		

- Notes: 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. Parent claiming this relief does so in lieu of qualifying child relief.

## 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

Claimable by NSmen key appointment holder (w.e.f. YA 2007):

Active service	\$5,000
Non-active service	\$3,500

### Foreign Domestic Worker Levy Relief

Claimable by a married woman including one who is separated from her husband, a divorcee or widow who is claiming child relief.

### Tax Deduction

Twice the amount of levy (\$295 or \$200 per month from 1 April 2005) restricted to one maid

### Education

#### Approved Course Fees

- Fees 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).

### Tax Deduction

Up to \$3,500 per annum

### Central Provident Fund (CPF)

- CPF contributions
- Contributions to top up individual's, non-working spouse's (55 years & older), parent's or grandparent's CPF retirement account under the CPF Minimum Sum Topping-Up Scheme.

### Tax Deduction

Statutory rate (see page 10)  
Up to \$7,000 per annum from YA 2005

### Supplementary Retirement Scheme (SRS)

- SRS contributions subject to capping rules
  - Singapore citizens and permanent residents
  - Foreigners

15% of computed sum  
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"> <li>Lower of 10% of total remuneration (including other benefits) or annual value of premises (note)</li> </ul>
Hotel accommodation	<ul style="list-style-type: none"> <li>2% of basic salary plus:               <ol style="list-style-type: none"> <li>\$250 per month per adult (includes child above 20 years of age);</li> <li>\$100 per month per child between eight and 20 years of age;</li> <li>\$50 per month per child between three and seven years of age; and</li> <li>\$25 per month per child under three years of age</li> </ol> </li> </ul>
Water and rates	<ul style="list-style-type: none"> <li>Actual cost to employer</li> </ul>
Household furnishings	<ul style="list-style-type: none"> <li>Nominal rates predetermined by the Inland Revenue Authority of Singapore (IRAS)</li> </ul>
Moving expenses to and from Singapore	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
Round sum allowances (e.g. entertainment, housing, transport etc.)	<ul style="list-style-type: none"> <li>Total amount paid by employer</li> </ul>
Transport allowance/reimbursement for working overtime	<ul style="list-style-type: none"> <li>Not taxable if policy is generally available to all staff</li> </ul>
Transport reimbursement for discharging official duties	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
Food, clothing, servants, etc.	<ul style="list-style-type: none"> <li>Actual cost to employer</li> </ul>
Overtime meal allowance and reimbursement	<ul style="list-style-type: none"> <li>Not taxable if policy is generally available to all staff</li> </ul>
Staff uniform	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
School fees	<ul style="list-style-type: none"> <li>Actual cost to employer</li> </ul>
Club dues for business	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
Insurance premiums paid by employer	<ul style="list-style-type: none"> <li>Not taxable if employer is the beneficiary of the policy</li> </ul>
Medical and health insurance benefits, including reimbursements of non-basic medical care	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>

Note: Variations exist for directors.

## Tax Treatment of Employment Fringe Benefits (continued)

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
Childcare benefits	<ul style="list-style-type: none"> <li>Employer-subsidised childcare benefits paid to licensed childcare centres are not taxable with effect from YA 2004</li> </ul>
Home leave passage	<ul style="list-style-type: none"> <li>20% of home leave passage cost paid by employer. Concession restricted to:               <ol style="list-style-type: none"> <li>one home trip for taxpayer and spouse; and</li> <li>two home trips for each child</li> </ol> </li> <li>Not taxable if employed by OHQ or pioneer companies</li> </ul>
Income tax reimbursement	<ul style="list-style-type: none"> <li>Actual amount paid by employer, grossed up</li> </ul>
Interest-free or subsidised loans provided by employer	<ul style="list-style-type: none"> <li>Not taxable (note)</li> </ul>
Interest subsidy for commercial loan taken up by employee	<ul style="list-style-type: none"> <li>Actual cost to employer</li> </ul>
Certain restrictive covenants	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
Compensation for loss of office	<ul style="list-style-type: none"> <li>Generally not taxable</li> </ul>
Gains from exercise of stock options and share ownership plans	<ul style="list-style-type: none"> <li>Market value at the end of the moratorium (if any) less amount paid by employee</li> <li>Tax exemption available as follows:               <ol style="list-style-type: none"> <li>Entrepreneurial Employee Equity-based Remuneration Scheme – 50% up to \$10 million over 10 years</li> <li>Company Employee Equity-based Remuneration Scheme – 100% on the first \$2,000 and 25% of the remainder up to \$1 million over 10 years</li> </ol> </li> <li>Under the Qualified Employee Equity-based Remuneration Scheme, tax may be paid over 5 years, but with interest</li> </ul>
Car benefits	<ul style="list-style-type: none"> <li>Benefit to taxpayer based on IRAS formulae which take into account the cost of the car and private use</li> </ul> <p>The main formulae are:</p> <ol style="list-style-type: none"> <li>Company owned car (Q-plate or S-Plate)           <math display="block">\frac{3}{7} \times \frac{\text{car cost} - \text{residual value}}{10} + \frac{\text{private}}{\text{mileage}} \times \text{fixed rate}</math> </li> </ol>

Note: Variations exist for directors.

## Tax Treatment of Employment Fringe Benefits (continued)

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
	<p>ii) Employee owned car</p> $\frac{\text{private mileage}}{\text{total mileage}} \times \text{total expense paid by employer}$ <p>iii) Leased/Rented car</p> $\frac{3}{7} \times \text{rental cost} + \text{private mileage} \times \text{fixed rate}$ <p>iv) Driver provided by employer</p> $\text{annual cost of driver} \times \frac{\text{private mileage}}{\text{total mileage}}$ <p>v) Motorcycle/scooter and commercial vehicles</p> $\text{fixed rate} \times \text{private mileage}$ <p>Separate formulae are applicable to second-hand vehicles.</p> <p>The fixed rates for private mileage (per km) for motor cars are:</p> <ol style="list-style-type: none"> <li>\$0.55 if petrol is borne by the employer;</li> <li>\$0.45 if petrol is borne by the employee;</li> <li>\$0.10 for use of leased car if petrol is provided; and</li> <li>nil for use of leased car if petrol is not provided.</li> </ol>
Pensions and retirement benefits	<ul style="list-style-type: none"> <li>Not taxable if: <ol style="list-style-type: none"> <li>benefits are accrued in approved pension funds up to 31 December 1992; or</li> <li>unapproved retirement benefit plans satisfy Ministry criteria.</li> </ol> </li> </ul>
Compensation for death or permanent disablement	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
Supplementary Retirement Scheme (SRS)	<ul style="list-style-type: none"> <li>50% of amount withdrawn for withdrawals: <ol style="list-style-type: none"> <li>on or after prescribed retirement age;</li> <li>on medical grounds;</li> <li>on death; and</li> <li>by foreigners who had maintained his/her SRS account for at least 10 years</li> </ol> </li> <li>100% of withdrawn amount in situations other than those mentioned above</li> <li>Withholding tax at prevailing corporate tax rate imposed on all withdrawals by foreigners and Singapore permanent residents</li> </ul>

## Tax Treatment of Employment Fringe Benefits (continued)

Summary of the Main Fringe Benefits	
Benefit	Assessable Income to Taxpayer
Employer's contributions to employee's:	
i) CPF account at statutory rates	<ul style="list-style-type: none"> <li>Not taxable for Singapore citizens and Singapore permanent residents</li> </ul>
ii) CPF account above statutory rates <ul style="list-style-type: none"> <li>Ordinary wages (see page 10)</li> <li>Total wages (see page 10)</li> </ul>	<ul style="list-style-type: none"> <li>Amount in excess of statutory limit</li> <li>Amount contributed on total wages exceeding \$76,500</li> </ul>
iii) CPF account in respect of remuneration paid for duties performed outside Singapore	<ul style="list-style-type: none"> <li>Not taxable</li> </ul>
iv) Provident/pension fund outside Singapore	<ul style="list-style-type: none"> <li>Taxable</li> <li>Not taxable if contributions are compulsory, are made to overseas government funds and deductions are not claimed by a Singapore company</li> </ul>
v) Medisave account in lieu of hospitalisation benefits	<ul style="list-style-type: none"> <li>Not taxable up to \$1,500 per employee per year (with effect from YA 2004)</li> </ul>

## 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 \$1,800 per month (with effect from 1 July 2004). The fund so created, known as the Skills Development Fund (SDF), is used to provide incentive grants for equipping employees with 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"> <li>there must be a specific training programme with guided instructions and tests to assess attainment of training objectives;</li> <li>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; and</li> <li>the programme must cover training for skills with economic value and application.</li> </ol> <p>This Fund is administered by SPRING Singapore with the CPF Board as the collecting agent.</p>

## Employer Obligations (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 January 2006 (note 3) 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)				
	50 & Below	> 50 to 55	> 55 to 60	> 60 to 65	Above 65	50 & Below	> 50 to 55	> 55 to 60	> 60 to 65	Above 65
\$50 and less	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
> \$50 to \$500	13.0%	9.0%	6.0%	3.5%	3.5%	Nil	Nil	Nil	Nil	Nil
> \$500 to \$750	13.0%	9.0%	6.0%	3.5%	3.5%	a) Nil	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	0.54	0.37	0.22	0.15
> \$750 (note 3)	13.0% maximum \$585	9.0% maximum \$405	6.0% maximum \$271	3.5% maximum \$158	3.5% maximum \$158	20% maximum \$900	18.0% maximum \$810	12.5% maximum \$562	7.5% maximum \$337	5% maximum \$225

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) Additional wage ceiling for CPF contributions:

Maximum amount of additional wages subject to CPF  
= \$76,500<sup>a</sup> – Total ordinary wages subject to CPF contributions in the year<sup>b</sup>

<sup>a</sup> Equivalent to 17 months x monthly CPF salary ceiling of \$4,500.

<sup>b</sup> Sum of monthly ordinary wages subject to CPF, capped at \$54,000 (i.e. 12 months x CPF salary ceiling of \$4,500).

3) The CPF salary ceiling (previously at \$5,000) has been lowered to \$4,500 from 1 January 2006.

## 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

- i) The following are not included in the estate for the purposes of calculating the duty:
- the first \$9 million of the aggregate value of residential houses in Singapore which the deceased owned;
  - \$600,000 of the aggregate value of all other property; and
  - 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.
- ii) Bequests to any approved institutions are deductible from the principal value of the estate.
- iii) For deaths on or after 1 January 2002, where the deceased was not domiciled in Singapore, all his moveable assets will be excluded from the principal value of the estate for the purpose of calculating the duty.
- iv) From 1 January 2006, estate duty relief is available for deaths in quick succession. The rate of relief depends on the time period between the deaths:

For successive deaths occurring within	Estate duty relief
≤ 6 months	100%
7 – 12 months	75%
13 – 18 months	50%
19 – 24 months	25%
> 24 months	0%

## Partnerships, Trusts, Estates, Charities and Mutual Concerns

Form	Basis of Assessment	Rate of Tax
Partnership	<ul style="list-style-type: none"> <li>Each partner is assessed separately on his share of the divisible income of the partnership.</li> </ul>	At the rate applicable to status of partner.
Limited Liability Partnership	<ul style="list-style-type: none"> <li>Separate legal entity with flow-through tax treatment, with restrictions imposed on the share of losses, unabsorbed capital allowances and industrial building allowances.</li> </ul>	At the rate applicable to partner.
Trust	<ul style="list-style-type: none"> <li>Generally, the trustee is assessed on the income of the trust.</li> <li>Where entitlement to the trust income passes, the beneficiary is assessed on his share of the income.</li> </ul>	<p>Prevailing corporate rate.</p> <p>At the rate applicable to status of beneficiary with credit given for any tax suffered by trustee.</p>
Business Trust	<ul style="list-style-type: none"> <li>Treated as a company operating under the one-tier taxation system.</li> </ul>	Prevailing corporate tax rate.
Estate	<ul style="list-style-type: none"> <li>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.</li> <li>The beneficiary is assessed on the amount received by or distributed to him or applied for his benefit.</li> </ul>	<p>Prevailing corporate tax rate.</p> <p>At the rate applicable to status of beneficiary.</p>
Charitable Institution	<ul style="list-style-type: none"> <li>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.</li> </ul>	If taxable, at the rate applicable to the set-up of the charity.
Club and Others	<ul style="list-style-type: none"> <li>Exempt from tax if more than half of its gross receipts (including entrance fees and subscriptions) are received from members.</li> <li>Interest and rental income are taxable after deducting appropriate expenses.</li> </ul>	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"> <li>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.</li> </ul>	If taxable, at graduated rates (Part B, Second Schedule) subject to maximum effective company's tax rate*.

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

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

## Corporate Income Tax Rates (Year of Assessment 2006)

Corporate Tax	%
• Normal rate (note 1)	20
• Foreign-sourced dividends, branch profits & service fee income remitted to Singapore are exempt if tax has been paid in a foreign jurisdiction where the headline tax rate is 15% or more. This applies to remittances made on or after 1 June 2003.	
• Concessionary rates	
– Incentive Companies (note 2)	Exempt to 15

### Withholding Tax

Subject to tax exemption approved by the Minister or reduced rates per treaty provisions (see pages 41 to 43) withholding tax at the rate specified is required to be deducted in respect of the following payments to non-residents:

i) interest	} 15%
ii) rent or other payments for the use of movable property	
iii) professional fees to individuals	} 10%
iv) royalties	
v) technical fees	} 20%
vi) management fees	
vii) director's remuneration	
viii) copyright royalties in respect of literary, dramatic, musical or artistic work (note 3)	} 1% to 3%
ix) charter fees	
x) sale of real properties by real property traders	15%
xi) REIT distributions to non-residents (other than individuals)	10%

- Notes:
- 1) Partial exemption of up to \$52,500 applies to first \$100,000 of company's chargeable income (excluding Singapore taxable dividend income). Full exemption on the first \$100,000 of chargeable income (excluding Singapore taxable dividend income) is available for a new company's first 3 consecutive YAs which fall within YA 2005 to YA 2009.
  - 2) See pages 16 to 40 for details on qualifying criteria.
  - 3) Where payee files a tax return, the maximum effective tax payable is at the rate of 2% of gross income.

## Other Tax Rates

Goods And Services Tax (GST)	%
On supply of goods and services in Singapore	5
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
Gains that are of a capital nature, are not taxed in Singapore.

## Stamp Duties (Selected Transactions)

Purchase or Gift of Immovable Property	
On purchase price or market value, whichever is higher:	
– every \$100 or part thereof of the first \$180,000	\$1.00
– every \$100 or part thereof of the next \$180,000	\$2.00
– thereafter, every \$100 or part thereof	\$3.00

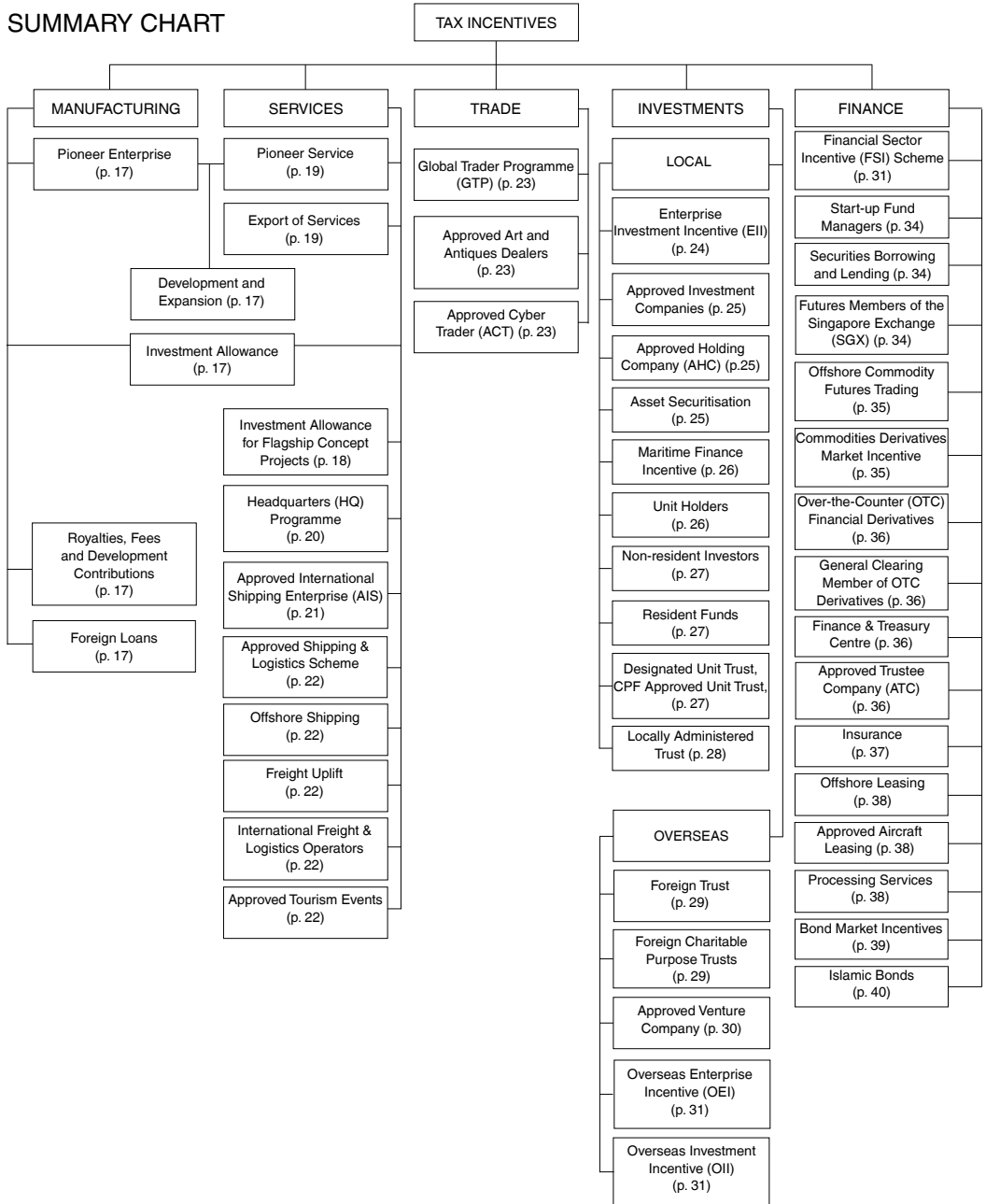
Transfer or Gift of Shares	
Purchase Price or Net Asset Value, whichever is higher:	
– every \$100 or part thereof	\$0.20

Reliefs / Remissions
Section 15 relief is available (subject to conditions) for:
i) transfers of immovable properties and shares, as well as financial institutions' mortgages with their customers, in reconstruction or amalgamation of companies;
ii) transfers of immovable properties and shares, as well as financial institutions' mortgages with their customers, between associated companies and business trusts; and
iii) conversion of a firm to a limited liability partnership.
Stamp duty remission is available for:
i) sales of immovable properties into REITs listed or to be listed on the Singapore Exchange;
ii) qualifying Islamic financing arrangements; and
iii) transfer of assets into an Approved Special Purpose Vehicle (see page 25).



# Tax Incentives

## SUMMARY CHART



## Tax Incentives – Manufacturing / Services

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.	5 to 15 years depending on the merits of the project e.g. type of product, investment level, skills, gestation period, technology, etc.
• 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	MOF	<p>i) Loan must be of a minimum amount of \$200,000 and the credit facilities are granted for the purchase of productive equipment; and</p> <p>ii) Lender is a non-resident person and the relief from Singapore tax will not increase his liability in his country of residence.</p>	Exemption of withholding tax on interest payable on the loan.	Indefinite until the loan is repaid.
• Development and Expansion	EDB	Approved companies engaged in: <p>i) manufacturing or increased manufacturing of any product that would be of economic benefit to Singapore; or</p> <p>ii) same qualifying activities as pioneer service companies.</p>	Tax rate as low as 5%.	Up to 10 years with provision for extensions up to a maximum total relief period of 20 years.
• Investment Allowance	EDB	<p>i) Companies engaged in approved qualifying activities which include:</p> <p>a) manufacturing and specialised engineering or technical services activities;</p> <p>b) research and development activities;</p> <p>c) construction operations;</p> <p>d) projects for reducing consumption of water;</p>	<p>Tax exemption on chargeable income equal to approved percentage not exceeding 100% of the capital expenditure incurred on:</p> <p>a) plant and machinery;</p> <p>b) factory building;</p>	Indefinite until allowance is used up.

## Tax Incentives – Manufacturing / Services (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>• Investment Allowance for Flagship Concept Projects</li> </ul>		<ul style="list-style-type: none"> <li>e) qualifying activities same as those of pioneer services companies;</li> <li>f) projects for promotion of tourist industry (other than a hotel) in Singapore; and</li> <li>g) satellite operations.</li> <li>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)].</li> <li>iii) There is no minimum investment requirement.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>c) acquisition of know-how or patent rights;</li> <li>d) efficient water recycling plant; and</li> <li>e) satellite.</li> </ul> <p>Withholding tax exemption on lease payment to non-resident satellite owners.</p>	<p>Up to 10 July 2007</p>
	STB	Investments in flagship concept projects in retail, food & beverage and entertainment.	<p>Tax exemption on chargeable income equal to an approved percentage of 20% or 50% of the capital expenditure incurred on:</p> <ul style="list-style-type: none"> <li>a) specialised or high-tech equipment;</li> <li>b) leasehold improvement items.</li> </ul>	<p>For projects approved from 1 April 2005 to 31 March 2010.</p>

## Tax Incentives – Services (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Pioneer Service Companies</li> </ul>	EDB	<p>Companies engaged in qualifying activities which include:</p> <ul style="list-style-type: none"> <li>i) any engineering or technical services including laboratory, consultancy and research and development activities;</li> <li>ii) computer-based information and other computer related services;</li> <li>iii) the development or production of any industrial design; and</li> <li>iv) such other services or activities as may be prescribed.</li> </ul>	Tax exemption on qualifying profits.	5 to 15 years.
<ul style="list-style-type: none"> <li>Export of Services</li> </ul>	EDB	<ul style="list-style-type: none"> <li>i) Companies engaged in providing qualifying services which include: <ul style="list-style-type: none"> <li>a) technical services, construction, distribution, design and engineering services;</li> <li>b) consultancy, management supervisory or advisory services;</li> <li>c) fabrication of machinery and equipment and procurement of materials, components and equipment;</li> <li>d) data processing, programming, computer software development, telecommunications and other computer services;</li> <li>e) professional services such as accounting, legal, medical, and architectural services; and</li> <li>f) education and training.</li> </ul> </li> <li>ii) Services must relate to overseas projects for non-residents.</li> <li>iii) Minimum export level of 20% of total revenue and commitment in terms of skilled manpower and fixed asset investments expected.</li> </ul>	Exemption of 90% of incremental export services income.	Up to 10 years with provision for extension.

## Tax Incentives – Services (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>• Headquarters (HQ) Programme – Regional Headquarters (RHQ) Award</li> </ul>	EDB	<ul style="list-style-type: none"> <li>i) Well-established company undertaking substantial level of headquarters activities in Singapore, and               <ul style="list-style-type: none"> <li>a) it is the nerve centre in terms of organisation reporting structure at senior management levels, and has clear-cut management and control over its principal activities;</li> <li>b) its personnel for the headquarters operations (including management, professionals technical personnel and supporting staff) are based in Singapore.</li> </ul> </li> <li>ii) The company must:               <ul style="list-style-type: none"> <li>a) increase its paid-up capital to at least \$0.2 million and \$0.5 million at the end of year 1 and year 3 of the incentive period respectively;</li> <li>b) perform a minimum of 3 qualifying headquarters services to network entities in 3 countries outside Singapore by the end of year 1 of the incentive period;</li> <li>c) employ at least 75% skilled workers throughout the incentive period;</li> <li>d) employ at least 10 additional* professionals based in Singapore;</li> <li>e) incur an average remuneration per worker of \$100,000 per annum for the top 5 executive designation by the end of year 3 of the incentive period;</li> <li>f) incur at least an additional* \$2 million in annual business spending in Singapore; and</li> </ul> </li> </ul>	15% tax on incremental qualifying income.	3 years with provision for extension for an additional 2 years.

## Tax Incentives – Services (continued)

Type	++	Requirement	Incentives	Relief Period
– International Headquarters (IHQ) Award		<p>g) incur at least an additional** \$3 million in business spending cumulatively for the entire incentive period.</p> <p>* The level at Year 3 – Year 0.  ** (Total for Years 1 to 3) – (3 x Year 0)</p>	0%, 5% or 10% tax on qualifying income. (Tax rates customised based on commitment level and considered in discussion with EDB.)	5 to 20 years.
• Approved International Shipping (AIS) Enterprise	MPA	<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, the 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, the manpower requirement is lifted for FPSO and FSO vessels).</p> <p>Ship-leasing companies may also qualify for the AIS incentive:</p> <p>i) bareboat charter can be the main activity;</p> <p>ii) the charterer must use the ship for qualifying purposes; and</p> <p>iii) the chartering is in the form of an operating lease.</p>	<p>Tax exemption on:</p> <p>a) qualifying shipping income;</p> <p>b) dividends from approved subsidiaries and associated shipping companies;</p> <p>c) income from the operation of any vessels used for offshore oil and gas activities;</p> <p>d) proceeds from sale of vessels (w.e.f. YA 2005); and</p> <p>e) foreign exchange and derivative gains (w.e.f. YA 2006).</p>	<p>10 years with provision for extension up to a maximum total of 30 years.</p> <p>5 years for the exemption of proceeds from sale of vessels.</p> <p>For ship leasing companies approved by the MPA on or after 18 February 2005.</p>

## Tax Incentives – Services (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Approved Shipping and Logistics Scheme</li> </ul>	MPA	<p>Qualifying company must:</p> <ul style="list-style-type: none"> <li>i) have established operations with good track records in the provision of freight and logistics services;</li> <li>ii) have a concrete business plan demonstrating its commitment to embark on an expansionary programme from Singapore;</li> <li>iii) generate an incremental business spending in Singapore by the end of the incentive period; and</li> <li>iv) use Singapore for its logistics and freight management activities in the region.</li> </ul>	<p>Tax rate as low as 10% on service income and management fees received by the approved company in connection with freight and logistics services.</p> <p>Tax exemption on dividend income received from approved network of companies.</p>	5 years.
<ul style="list-style-type: none"> <li>Offshore Shipping</li> </ul>	#	Companies owning or operating a Singapore-registered vessel or vessels in international traffic.	Tax exemption on qualifying shipping income.	Indefinite.
<ul style="list-style-type: none"> <li>Freight Uplift</li> </ul>	#	Shipowners and charterers deriving freight income from uplift from Singapore.	Tax exemption on freight uplift from Singapore.	Indefinite.
<ul style="list-style-type: none"> <li>International Freight and Logistics Operators</li> </ul>	IES	<p>Qualifying company must:</p> <ul style="list-style-type: none"> <li>i) have substantial operations; and</li> <li>ii) have a good track record in the provision of freight and logistics services.</li> </ul>	<p>Tax rate as low as 10% on incremental income.</p> <p>Tax exemption on dividend income received from approved overseas network companies.</p>	5 years.
<ul style="list-style-type: none"> <li>Approved Tourism Events</li> </ul>	STB	<p>Event companies organising or staging world-class events and activities.</p> <p>Companies are required to maintain separate accounts for approved events. Common expenses should be apportioned using a reasonable basis.</p>	10% tax on income derived from qualifying tourism events.	For tourism events approved from 1 April 2005 to 31 March 2010.

## Tax Incentives – Trade

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Global Trader Programme (GTP)</li> </ul>	IES	<ul style="list-style-type: none"> <li>i) Companies carrying on the business of international trading of commodities futures, including petroleum and petroleum products, which:               <ul style="list-style-type: none"> <li>a) are established with worldwide network and good track record;</li> <li>b) have a significant amount of directly attributable total business spending in Singapore per annum and conducts a substantial volume of physical trade;</li> <li>c) employ a commensurate number of oil traders or international traders in Singapore;</li> <li>d) contribute to manpower training and development of trading expertise in Singapore;</li> <li>e) make significant use of Singapore's banking, financial and other business services; and</li> <li>f) support and make use of Singapore's trade infrastructure.</li> </ul> </li> <li>ii) High-growth, medium-sized trading companies (w.e.f. 28 February 2003).</li> </ul>	<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>5 years with provision for extension.</p> <p>3 years.</p>
<ul style="list-style-type: none"> <li>Approved Art and Antiques Dealers</li> </ul>	IES	Approved art and antiques dealers transacting on behalf of non-residents.	10% tax on qualifying income.	5 years with provision for extension.
<ul style="list-style-type: none"> <li>Approved Cyber Trader (ACT)</li> </ul>	IES	Qualifying company must: <ul style="list-style-type: none"> <li>i) be a well-established company incorporated in Singapore;</li> <li>ii) use the Internet to conduct its international trading and marketing activities;</li> </ul>	<p>10% tax on qualifying income on qualifying products.</p> <p>10% concessionary withholding tax on approved royalties.</p>	5 years.

## Tax Incentives – Investments

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>• Enterprise Investment Incentive (EEI) [formerly known as the Technopreneur Investment Incentive (TII)]</li> </ul>	EDB / SPRING	<ul style="list-style-type: none"> <li>iii) host its website and contents in Singapore;</li> <li>iv) engage specified number of personnel to be based in Singapore; and</li> <li>v) other commitments or criteria specified by IES.</li>   <li>i) Company primarily engaged in innovative and high growth activities with substantial development contents in relation to specific product, process or service.</li> <li>ii) Company must:               <ul style="list-style-type: none"> <li>a) be an unlisted company in initial years;</li> <li>b) have paid-up capital of at least \$10,000;</li> <li>c) be incorporated in Singapore; and</li> <li>d) conduct qualifying start-up activities wholly or mainly in Singapore.</li> </ul> </li> <li>iii) The investments must be:               <ul style="list-style-type: none"> <li>a) in the form of new ordinary shares (not replacement capital or debt instruments) issued and acquired by the investor (individual or corporate) during the start-up's approved status;</li> <li>b) without any condition that would eliminate the investor's risk; and</li> <li>c) at least \$1,000 per investment.</li> </ul> </li> </ul>	<p>Investment allowance of up to 50% of cost of qualifying new fixed capital expenditure.</p> <p>Deduction for losses incurred on disposal of qualifying shares / liquidation of the start-up company.</p>	Up to 5 years.

## Tax Incentives – Investments (continued)

Type	++	Requirement	Incentives	Relief Period
		iv) Overseas start-ups may be approved on a case-by-case basis provided that there is a significant link for Singapore to enjoy the economic spin-offs from their activities.	As above, but confined to Singaporean / permanent resident investors.	
• 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.
• Approved Holding Company (AHC)	EDB	Approved holding company must own at least 50% of the ordinary shares in approved subsidiary companies for a minimum period of 18 months continuously: <ol style="list-style-type: none"> <li>i) immediately prior to the date of disposal of shares; and</li> <li>ii) from the date the company is granted approved holding company status to the date of disposal of shares.</li> </ol>	Gains from sale of shares in approved subsidiary companies will be treated as capital gains and not subject to tax.	5 years with window approval period from 17 February 2006 to 16 February 2011.
• Asset Securitisation	IRAS	Approved Special Purpose Vehicles (ASPVs) based in Singapore for asset securitisation set up on or after 27 February 2004.  The ASPV must: <ol style="list-style-type: none"> <li>i) carry out all transactions at arm's length; it must not have a profit motive;</li> <li>ii) not carry out any activity other than those ancillary to the asset securitisation purpose for which it was established;</li> <li>iii) not carry out the asset securitisation with tax avoidance as its purpose;</li> <li>iv) have an issued and paid up capital of not more than S\$10,000;</li> </ol>	<p>Tax exemption for income derived from asset securitisation arrangements.</p> <p>Withholding tax exemption for payments on over-the-counter financial derivatives.</p> <p>Fixed GST recovery rate of 76% regardless of the input tax recovery formula of the originator.</p> <p>Stamp duty remission for transfer of assets into the ASPV.</p>	<p>Transactions entered into between 27 February 2004 and 19 May 2007.</p> <p>Period from 27 February 2004 to 19 May 2007.</p> <p>All business expenses incurred during the incentive period.</p> <p>Period from 27 February 2004 to 19 May 2007.</p>

## Tax Incentives – Investments (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>• Maritime Finance Incentive</li> </ul>	MPA	<ul style="list-style-type: none"> <li>v) have all its issued shares held in trust for the benefit of one or more organisations or institutions that are established for charitable, benevolent or philanthropic purposes; The trust must be administered by a trust company in Singapore;</li> <li>vi) transact any cross-currency or interest rate swaps with a swap counterparty in Singapore;</li> <li>vii) be tax resident in Singapore;</li> <li>viii) ensure that all debt securities issued are qualifying debt securities and the size of the issuances is not less than \$20,000,000; and</li> <li>ix) not have 30% or more of the issued debt securities beneficially held or funded by the originator.</li> </ul> <p>Qualifying operating or finance leases in respect of:</p> <ul style="list-style-type: none"> <li>i) ships leased or operated by entities not tax resident in Singapore (no business nor PE in Singapore); and</li> <li>ii) ships registered with Singapore Registry of Ships or ships operated by Approved International Shipping companies.</li> </ul> <p>[MPA will announce further details.]</p>	<p>10% tax on qualifying income derived by Approved Ship Investment Managers.</p> <p>Tax exemption for qualifying income from ship leasing activities derived by Approved Ship Investment Vehicles.</p>	Not more than 10 years, with window approval period from 1 March 2006 to 28 February 2011.
<ul style="list-style-type: none"> <li>• Unit Holders</li> </ul>	–	<p>Non-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>Distributions exempt with effect from 1 January 2004.</p>	Not applicable.

## Tax Incentives – Investments (continued)

Type	++	Requirement	Incentives	Relief Period
• Non-resident Investors	–	<p>Funds of investors must be managed by a fund manager in Singapore. The fund manager must be a company holding, or exempted from holding, a capital markets services licence under the Securities and Futures Act 2002 for fund management.</p> <p>The funds must be invested in designated assets.</p> <p>Investors must be the beneficial owners of the funds managed.</p>	Tax exemption on qualifying income.	Not applicable.
• Resident Funds	MAS	<p>Funds set up as companies resident in Singapore and substantially owned by foreign investors – i.e. not more than 20% of total number of the fund company's issued shares can be beneficially owned, directly or indirectly, by persons who are citizens of Singapore or resident in Singapore.</p> <p>[Further details to be released by MAS.]</p>	Tax exemption for specified income from designated investments.	Indefinite, with window approval period from 17 February 2006 to 16 February 2011.
• CPF Approved Unit Trust	MOF	A unit trust which is resident in Singapore.	<p>Tax exemption for:</p> <p>a) gains on disposal of securities;</p> <p>b) overseas interest income (if remitted); and</p> <p>c) overseas dividend income (if remitted).</p>	Indefinite.
• Designated Unit Trust	MOF	<p>A unit trust:</p> <p>i) that is</p> <p>a) a collective investment scheme (CIS) under s.286 of the Securities and Futures Act (SFA) and is open to the public for subscription; or</p>	Tax exemption for income and gains from designated investments as defined in the Income Tax Act.	Indefinite.

## Tax Incentives – Investments (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>• Locally Administered Trust (i.e. Domestic Trust)</li> </ul>	MAS	<ul style="list-style-type: none"> <li>b) a CIS under the SFA that is authorised as a Restricted Authorised Scheme (RAS) or exempt from authorisation [w.e.f. 17 Feb 2006].</li> <li>ii) whose trustee is tax resident in Singapore;</li> <li>iii) not a REIT / property trust that invests directly in Singapore real estate; and</li> <li>iv) whose investment / fund manager is incorporated in Singapore and               <ul style="list-style-type: none"> <li>(a) holds a valid licence to carry out fund management activity; or</li> <li>(b) is exempt from holding a valid licence under the SFA [w.e.f. 17 February 2006].</li> </ul> </li> <li>A trust:               <ul style="list-style-type: none"> <li>i) created in writing;</li> <li>ii) where all settlors are individuals;</li> <li>iii) where all beneficiaries are either individuals or charities;</li> <li>iv) that is not a trust whereby the beneficiaries are settlors of the trust;</li> <li>v) where the assets held under the trust were not transferred from any business carried on in Singapore in relation to investments by any person, and income derived by that person from that business in Singapore was not or would not be, exempt from tax; and</li> <li>vi) that is administered by a trustee company in Singapore.</li> </ul> </li> </ul>	<p>Tax exemption for Singapore-sourced investment income derived on or after 17 February 2006 and foreign-sourced income received on or after 17 February 2006 to the extent that such income would be exempt from tax if derived or received directly by an individual.</p> <p>Tax exemption on any distribution made by locally administered trusts and dividends paid by underlying holding companies, out of income that qualifies for tax exemption mentioned above.</p>	Indefinite.

## Tax Incentives – Investments (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Foreign Trust</li> </ul>	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.</p> <p>W.e.f. 1 June 2003, the scheme was extended to foreign trusts administered by all trust companies in Singapore. This was further extended [w.e.f. 17 February 2006] to include foreign trusts administered by companies exempt from holding a trust business licence.</p> <p>The list of designated investments and specified income had also been expanded with effect from 27 February 2004.</p> <p>W.e.f. 17 February 2006, the scope of settlors and beneficiaries has been expanded to include foreign settlors and foreign beneficiaries that are persons other than individuals and companies for the purposes of determining a foreign trust.</p>	<p>Tax exemption on:</p> <ul style="list-style-type: none"> <li>a) qualifying income received by the foreign trust; and</li> <li>b) its beneficiary's share of such income.</li> </ul>	Indefinite.
<ul style="list-style-type: none"> <li>Foreign Charitable Purpose Trusts</li> </ul>	#	<p>Foreign accounts of a charitable purpose trusts and eligible holding companies.</p> <p>The charitable purpose trust must be created for public benefit, solely for one or more of the following purposes:</p> <ul style="list-style-type: none"> <li>i) prevention and relief of poverty;</li> <li>ii) advancement of education;</li> <li>iii) advancement of religion;</li> <li>iv) advancement of health;</li> <li>v) advancement of citizenship or community development;</li> </ul>	<p>Tax exemption on:</p> <ul style="list-style-type: none"> <li>a) specified income derived from designated investments by an eligible holding company; and</li> <li>b) the following income derived by a foreign account of a charitable purpose trust administered by a trustee company:</li> </ul>	Indefinite w.e.f. from 18 February 2005.

## Tax Incentives – Investments (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Approved Venture Company</li> </ul>	EDB	<ul style="list-style-type: none"> <li>vi) advancement of arts, heritage or science;</li> <li>vii) advancement of environment protection or improvement;</li> <li>viii) relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;</li> <li>ix) advancement of animal welfare;</li> <li>x) advancement of sports (which involve physical skills and exertion); and</li> <li>xi) any other purpose beneficial to the community.</li> </ul>	<ul style="list-style-type: none"> <li>i) dividends paid or payable by an eligible holding company from the income in paragraph (a); and</li> <li>ii) specified income derived from designated investments.</li> </ul>	Up to 10 years with provision for extension.
		<p>Venture capital funds or venture capital fund management companies must:</p> <ul style="list-style-type: none"> <li>i) be incorporated and based in Singapore;</li> <li>ii) have obtained the necessary approvals and licences from the MAS for their proposed activities;</li> <li>iii) commit to invest a certain percentage of its subscribed funds in Singapore and seed-stage and/or restart projects in Singapore; and</li> <li>iv) commit to employ a certain number of local venture capital professionals to manage the approved venture capital fund.</li> </ul>	<p>Tax exemption on:</p> <ul style="list-style-type: none"> <li>a) gains from disposal of approved local and overseas investments;</li> <li>b) dividends from approved overseas investments; and</li> <li>c) interest income from convertible loan stocks.</li> </ul> <p>Tax rate of not more than 10% during extension period.</p>	

## Tax Incentives – Investments (continued) / Finance

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Overseas Enterprise Incentive (OEI)</li> </ul>	EDB	<ul style="list-style-type: none"> <li>i) Companies which invest in approved overseas investments and projects.</li> <li>ii) Investor companies must be:               <ul style="list-style-type: none"> <li>a) Incorporated and resident in Singapore for tax purposes; and</li> <li>b) at least 50% owned by Singapore citizens or permanent residents of Singapore.</li> </ul> </li> </ul>	Tax exemption on: <ul style="list-style-type: none"> <li>a) dividends from qualifying investments;</li> <li>b) portion of domestic income which is connected to approved investments and projects; and</li> <li>c) income from other qualifying activities.</li> </ul>	Up to 10 years.
<ul style="list-style-type: none"> <li>Overseas Investment Incentive (OII)</li> </ul>	IES	<ul style="list-style-type: none"> <li>i) Eligible Singapore holding companies committed to building a substantial home base in Singapore and to adding value to Singapore's economy.</li> <li>ii) Applies to overseas investments into new markets (i.e. in a new city or new product / technology as the one the eligible company is already engaged in).</li> <li>iii) An applicant company should hold a minimum equity of 50% in the overseas investment, or it should be part of a consortium of Singapore-based companies that holds a combine minimum equity of 50% in the overseas investment.</li> </ul>	Deferment of income tax due from its profitable operations in Singapore, capped at the quantum of current year losses made by the approved overseas investment company in proportion to the company's share of equity investment.	2 years.
<ul style="list-style-type: none"> <li>Financial Sector Incentive (FSI) Scheme</li> </ul> <p>A) Standard-tier (ST) Awards</p>	MAS	<ul style="list-style-type: none"> <li>i) Financial institutions previously enjoying the Asian Currency Unit tax incentive will automatically be granted the award.</li> </ul>	10% tax on income derived from ST qualifying activities provided there is at least 1 professional staff engaged in the respective categories of activities.	5 years from 1 January 2004 to 31 December 2008.

## Tax Incentives – Finance

Type	++	Requirement	Incentives	Relief Period
		<p>ii) Financial institutions previously enjoying the Approved Fund Manager or Operational Headquarters incentives will automatically be granted the award. Fund Managers granted tax exemption will not be included in FSI until the expiry of their existing incentive.</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><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>Up to the expiry of the existing incentives.</p> <p>5 to 10 years.</p> <p>5 to 10 years.</p>

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
B) Enhanced-tier (ET) Awards	MAS	Companies previously 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).	5 to 10 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.	5 to 10 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.		5 to 10 years.
iv) Credit Facilities Syndication (FSI-CFS)		The company must employ at least 2 professional staff performing any syndication functions in Singapore.		5 to 10 years.

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Start-up Fund Managers</li> </ul>	MAS	<p>Start-up fund managers approved by MAS will be given 12 months to meet the 80:20 rule, i.e. not more than 20% of its share capital to be owned by persons resident in or citizens of Singapore.</p> <p>The company must:</p> <ol style="list-style-type: none"> <li>hold a Capital Markets Services licence under the Securities and Futures Act to carry on business in fund management or be exempted from the requirement to hold such a licence; and</li> <li>have less than 3 years of corporate track record in the fund management business, as determined by the MAS for this purpose.</li> </ol>	<p>10% tax on fee income derived by an approved FSI fund manager from funds managed for local investors.</p> <p>Tax exemption for specified income derived by local investors from designated investments.</p>	<p>First 12 months of a new fund set up during the period 18 February 2005 to 17 February 2010.</p>
<ul style="list-style-type: none"> <li>Securities Borrowing and Lending (SBL)</li> </ul>	MAS	<p>The company must be:</p> <ol style="list-style-type: none"> <li>an FSI company; or</li> <li>a company registered with MAS.</li> </ol>	<p>10% tax on income from:</p> <ol style="list-style-type: none"> <li>loan of all securities except unlisted Singapore shares; and</li> <li>arranging the loan of any securities except unlisted Singapore shares.</li> </ol>	<p>From 18 February 2005 to 31 December 2008.</p>
<ul style="list-style-type: none"> <li>Futures Members of the Singapore Exchange (SGX)</li> </ul>	MAS	<ol style="list-style-type: none"> <li>Company that is a futures member of the Singapore Exchange (SGX), and transacting with: <ol style="list-style-type: none"> <li>an ACU of a financial institution;</li> <li>another futures member of SGX;</li> <li>a non-resident of Singapore;</li> <li>a foreign branch of a Singapore-resident company; or</li> <li>an AFM.</li> </ol> </li> </ol>	<p>10% tax on income derived from transactions in gold bullion, commodity and financial futures and spot transactions in foreign currencies and, with effect from 27 February 2004, in Singapore dollars.</p>	<p>Indefinite.</p>

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
		b) Companies that are a futures member of the SGX for at least 3 years and are among the top 20 corporate futures members. This is extended to any company that is a futures member of the SGX or any member of any securities market maintained by SGX Securities Trading Limited that is within the top 20 members as determined by SGX.	<p>i) 5% tax on incremental taxable income.</p> <p>ii) 5% tax on income derived from transactions in approved derivative products denominated in any foreign currency and, with effect from 27 February 2004, in Singapore dollars.</p>	<p>Designated futures that commenced trading on SGX during the period 1 April 1994 to 31 December 2001.</p> <p>Designated futures that commenced trading on SGX during the period 1 April 1994 to 31 December 2001.</p>
• Offshore Commodity Futures Trading	MAS	<p>Company must be a member of the Singapore Commodity Exchange and transacting with:</p> <p>i) an ACU of a financial institution;</p> <p>ii) another Exchange member; or</p> <p>iii) a non-resident of Singapore.</p>	10% tax on income derived from transactions in specified futures contracts.	Indefinite.
• Commodities Derivatives Market Incentive	MAS / IES	Qualifying financial institutions and companies.	<p>5% concessionary tax rate on income from:</p> <p>i) qualifying transactions in commodity derivatives in any currency with qualifying counterparties; and</p> <p>ii) qualifying income derived from exchange-traded commodities (w.e.f. 18 February 2005).</p>	Up to 5 years.

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Over-the-Counter (OTC) Financial Derivatives</li> </ul>	MAS	Payments made on qualifying derivatives (OTC financial derivatives) by a financial institution to persons who are neither residents nor permanent establishments in Singapore.	Withholding tax exemption for payments on qualifying derivatives.	For payments due and payable during the period from 27 February 2004 to 19 May 2007.
<ul style="list-style-type: none"> <li>General Clearing Member of OTC Derivatives</li> </ul>	MAS	Approved clearing member of Singapore OTC derivatives clearing facility.  [Further details to be released by MAS.]	5% tax on income derived from the provision of clearing services in Singapore.	Five years, with qualifying window approval period from 17 February 2006 to 16 February 2011.
<ul style="list-style-type: none"> <li>Finance and Treasury Centre (FTC)</li> </ul>	MAS	Companies which provide finance and treasury services to related and associated companies outside Singapore including: <ul style="list-style-type: none"> <li>i) regional and international treasury management functions;</li> <li>ii) global and regional fund management and other related activities;</li> <li>iii) credit facilities;</li> <li>iv) corporate finance and advisory services;</li> <li>v) financial, economic and investment research and analysis; and</li> <li>vi) credit control and administration.</li> </ul> <p>With effect from 18 February 2005, associated companies of FTCs which are in Singapore can also qualify as approved network companies for the incentive.</p>	10% tax on income arising from provision of qualifying services.  Tax exemption for specified income of approved related companies received in Singapore.	5 to 10 years with provision for extension.
<ul style="list-style-type: none"> <li>Approved Trustee Company (ATC)</li> </ul>	MAS	Companies which provide specified trust services to non-residents in respect of non-Singapore dollar investments.	10% tax on qualifying income.	Indefinite.

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Insurance</li> </ul>	MAS	<p>Approved insurance companies which engage in the business of insuring and reinsuring offshore risks.</p> <p>Income from writing offshore and onshore (w.e.f. YA 2004) marine hull and liability risks.</p> <p>Approved insurance company that is a captive insurer under s.1A of the Insurance Act. [Further details to be released by MAS.]</p>	<p>10% tax on:</p> <ul style="list-style-type: none"> <li>a) income arising from the business of insuring and reinsuring offshore risks;</li> <li>b) dividends and interest (including ACU deposits) from investment of off-shore business income; and</li> <li>c) gains from sale of offshore investments mentioned in (b) above.</li> </ul> <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>Tax exemption on specified income:</p> <ul style="list-style-type: none"> <li>a) income derived from offshore risks;</li> <li>b) dividends and interest from outside Singapore;</li> <li>c) gains from sale of offshore investments; and</li> <li>d) interest from ACU deposits.</li> </ul> <p>[Conditions apply.]</p>	<p>Indefinite.</p> <p>Indefinite.</p> <p>5 years with provision for extension.</p> <p>Up to 10 years.</p> <p>Up to 10 years.</p> <p>10 years, with qualifying window approval period from 17 February 2006 to 16 February 2011.</p>

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
• Offshore Leasing	#	Companies which engage in offshore leasing of machinery or plant.	10% tax on qualifying leasing income.	Indefinite.
• Approved Aircraft Leasing	IES	Company must: i) be a reputable international aircraft operating lessor which uses Singapore as an operating base;  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  iii) employ at least three experienced marketing and technical staff.	10% tax on qualifying income.  Tax exemption on interest payment for foreign loans taken up during relief period.  Depreciation period of aircraft extended to 20 years during relief period.	5 years with provision for extension.
• Processing Services	MAS	Any financial institution (or a sub-unit within a financial institution) or any third party service provider providing prescribed processing services to any financial institution or another qualifying processing services company.  To qualify for the 5-year award, the company must: (i) employ and maintain at least 8 professionals, to undertake the prescribed processing services, for each category of financial activities; and  (ii) provide the prescribed processing services to 2 or more countries other than Singapore.	5% tax on qualifying income.	5, 7 or 10 years for companies approved during the period between 27 February 2004 and 28 February 2009.

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
<ul style="list-style-type: none"> <li>Bond Market Incentives</li> </ul>	MAS	<ul style="list-style-type: none"> <li>i) Income derived by primary dealers from trading in Singapore Government Securities.</li> <li>ii) Interest earned by financial institutions corporations and bodies of persons in Singapore from debt securities substantially arranged by financial institutions in Singapore.</li> <li>iii) Interest earned by non-residents.</li> <li>iv) Discount income (excluding discount arising from secondary trading) from debt securities substantially arranged by financial institutions in Singapore.</li> </ul> <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>	<p>Tax exemption on qualifying income.</p> <p>10% tax on qualifying income.</p> <p>Withholding tax exemption on qualifying income.</p> <p>10% tax on qualifying income earned by financial institutions, corporations and bodies of persons in Singapore.</p> <p>Withholding tax exemption on qualifying income earned by non-resident non-individuals.</p>	<p>9 years up to 27 February 2008.</p> <p>In respect of qualifying debt securities issued within a 10 year period up to 31 December 2008.</p> <p>In respect of qualifying debts securities with 1 year tenure or less issued during the period between 27 February 2004 to 31 December 2008, as well as qualifying debt securities with a tenure of more than 1 year issued between 17 February 2006 and 31 December 2008.</p> <p>ABI status may be awarded for any duration up to 31 December 2003. The FSI award will apply from 1 January 2004.</p>

## Tax Incentives – Finance (continued)

Type	++	Requirement	Incentives	Relief Period
• Islamic Bonds	#	<p>i) The Islamic bond must be a qualifying debt security issued during the period from 1 January 2005 to 31 December 2008;</p> <p>ii) The payouts from the bonds must be backed by a regular stream of income / cashflows from the underlying assets;</p> <p>iii) The bonds must be endorsed by at least 1 Shariah council, body or any committee formed for the purpose of providing guidance on compliance with Shariah laws; and</p> <p>iv) All other conditions applicable to the bond market incentives relating to qualifying debt securities.</p>	Same incentives as listed under bond market incentives relating to qualifying debt securities.	For payouts derived from Islamic bonds on or after 1 January 2005.

++ Application is to be made to:

- EDB - Singapore Economic Development Board
- IES - International Enterprise Singapore
- MAS - Monetary Authority of Singapore
- MOF - Ministry of Finance
- MPA - Maritime and Port Authority of Singapore
- SPRING - Standards, Productivity and Innovation Board
- STB - Singapore Tourism Board

# 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.	Patenting costs.
• Export Promotion and Market Development	IES/ STB	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 5 years with 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, e.g. commitment to increased headcount; and iii) plans to develop capabilities in Singapore.	Special reserves set aside for specified offshore insurance risk.
• Approved Museum Scheme / Public Sculptures Scheme	NHB	i) Private art collectors who donate their artefacts to approved museums ii) Donations of public sculptures iii) Adoption of public sculptures iv) Display of public sculptures	Double the donation value. Double the appraised value. Double the maintenance expenses incurred. Double the installation cost and maintenance expenses incurred.
• Donations	# IDA # #	i) Cash donations ii) Donations of computers iii) Donations of shares by individual iv) Donations of buildings and land parcels (w.e.f. 1 April 2003)	Double the donation value.
• 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.
• Logistics Expenses	#	Companies resident in Singapore which: i) undertake logistics activities in support of their business activities; or ii) outsource their logistics activities to a service provider.	Expenses which are directly attributable to the carrying out of logistics activities by the company in Singapore or expenses paid to a logistics service provider.

## Special Tax Deductions (continued)

Type	*	Requirement	Deduction
Share-based remuneration	#	Details to be released by IRAS.	Expenses on employee stock options or share awards through treasury shares.

\* Application is to be made to:

EDB – Singapore Economic Development Board  
IDA – Infocomm Development Authority of Singapore  
IES – International Enterprise Singapore  
MAS – Monetary Authority of Singapore  
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.

## Transfer Pricing Guidelines

The IRAS issued transfer pricing guidelines on 23 February 2006 to supplement the transfer pricing provisions already existing in the Singapore Income Tax Act and the various Double Taxation Agreements signed by Singapore. The guidelines cover the application of the arm's length principle and documentation requirements relating to all related party transactions, including local related party transactions.

The intention of the guidelines is to help taxpayers substantiate their transfer prices with their related entities by maintaining adequate documentation to mitigate the risk of tax adjustment by IRAS and to safeguard them from potential economic double taxation. It also provides guidance on matters relating to Mutual Agreement Procedures (MAP) and Advance Pricing Arrangements (APA).

## Double Taxation Agreements

Singapore has concluded double taxation treaties with the following countries and the main reliefs are summarised below (note 1a):

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%
Bahrain	Exempt	Exempt	Exempt	5% (3b)	5%
Bangladesh	Exempt	50% of normal rate	15%	10%	10% (4a)
Belgium	Exempt	Exempt	15%	10%	5%
Brunei	(1b)	(1b)	(1b)	(1b)	(1b)
Bulgaria	Exempt	Exempt	5% (2b)	5% (3b)	5%
Canada	Exempt	Exempt	15%	15%	15% (4g)
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	Exempt	Exempt	15%	15% (3b)	15% (4g)
Fiji	(1b)	(1b)	(1b)	(1b)	(1b)
Finland	Exempt	Exempt	0%, 5% or 10% (2b)	5% (3b)	5%
France	Exempt	Exempt	10% or 15%	10% (3b,c)	Exempt (4a)
Germany (1c)	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%
Indonesia	Exempt	50% of normal rate	10% or 15%	10% (3b,e)	15% (4g)
Israel	Exempt	Exempt	Exempt	7% (3b)	5%

## Double Taxation Agreements (continued)

Singapore has concluded double taxation treaties with the following countries and the main reliefs are summarised below (note 1a):

Country	Air Transport	Shipping	Tax on Dividends (2)	Tax on Interest	Tax on Royalties
Italy	Exempt	Exempt	Exempt	10%	15% or 20% (4g)
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%
Lithuania	Exempt	Exempt	5% or 10% (2b)	10% (3b)	7.5%
Luxembourg	50% of normal rate	50% of normal rate	5% or 10% (2b)	10% (3b)	10%
Malaysia	Exempt	Exempt	At domestic rates	10% (3b,f)	8%
Malta	(1b)	(1b)	(1b)	(1b)	(1b)
Mauritius	Exempt	50% of normal rate	Exempt	Exempt	Exempt
Mexico	Exempt	50% of normal rate	Exempt	5% or 15% (3a,b)	10%
Mongolia	Exempt	Exempt	5% or 10% (2b)	5% or 10% (3a,b)	5%
Myanmar	Exempt	50% of normal rate	Exempt	8% or 10% (3a,b)	10% or 15% (4c,g)
Netherlands	Exempt	Exempt	Exempt or 15%	10% (3b)	Exempt (4a)
New Zealand (1c)	Exempt	Exempt	15%	15%	15% (4a,g)
Norway	Exempt	Exempt	5% or 15% (2b)	7% (3b)	7%
Oman	Exempt	Exempt	5% (2b)	7% (3b)	8%
Pakistan	Exempt	50% of normal rate	10%,	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)	15% or 25% (4e,g)

## Double Taxation Agreements (continued)

Singapore has concluded double taxation treaties with the following countries and the main reliefs are summarised below (note 1a):

Country	Air Transport	Shipping	Tax on Dividends (2)	Tax on Interest	Tax on Royalties
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	(1b)	(1b)	(1b)	(1b)	(1b)
Slovak Republic	(1b)	(1b)	(1b)	(1b)	(1b)
South Africa	Exempt	Exempt	5% or 15% (2b)	Exempt	5%
South Korea	Exempt	Exempt	10% or 15%	10% (3b)	15% (4g)
Sri Lanka	Exempt	50% of normal rate	15%	10% (3a,b)	15% (4g)
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%	10% (3f)	5% (4a,e)
Taiwan	Exempt	Up to 2% of gross revenue	40% (together with corporate tax)	At domestic rates	15% (4a,g)
Thailand	Exempt	50% of normal rate	20% generally	10% or 25% (3a,b)	15% (4g)
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,g)

## Double Taxation Agreements (continued)

### Notes:

- 1) a. The rates listed are those negotiated under the treaties. Actual domestic rates may be lower, and if so, the lower rates apply.
  - b. Treaties signed but not yet ratified.
  - c. New treaty or protocol 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.
    - g. Royalties derived from Singapore are subject to a final tax of 10% w.e.f. 1 January 2005.

## Other Agreements

### Air Transport / Shipping Agreements

Country / Region	Air Transport	Shipping
Bahrain (note)	Exempt	–
Chile	–	Exempt
Hong Kong SAR	Exempt	Exempt
Oman	Exempt	–
Saudi Arabia	Exempt	–
United Arab Emirates	Exempt	–
United States of America	Exempt	Exempt

Note: A new comprehensive treaty has been signed and takes effect from YA 2006 (see page 41).

## Due Dates

Type of Filing	Form Designation	Due Date of Filing	Due Date of Payment of Tax (Where Applicable)
<b>Returns Relating to Taxpayer's Income</b>			
<ul style="list-style-type: none"> <li>Resident individual income tax return</li> </ul>	Form B/B1 or E-file	By 15 April or by extension date.	
<ul style="list-style-type: none"> <li>Non-resident individual income tax return</li> </ul>	Form M		
<ul style="list-style-type: none"> <li>Partnership income tax return</li> </ul>	Form P		
<ul style="list-style-type: none"> <li>Associations, clubs and other societies income tax return</li> </ul>	Form P1		
<ul style="list-style-type: none"> <li>Charities income tax return</li> </ul>	Form P2		
<ul style="list-style-type: none"> <li>Trust and estate income tax return</li> </ul>	Form T		
<ul style="list-style-type: none"> <li>Company income tax return</li> </ul>	Form C	By 31 July or by extension date.	
<ul style="list-style-type: none"> <li>Company group relief application</li> </ul>	Form GR-A/GR-B	By 31 July or by extension date of Form C filing.	
<b>Employer's Returns Relating to Employee's Income</b>			
<ul style="list-style-type: none"> <li>Return of employee's remuneration</li> </ul>	IR8A/8S/8C	By 1 March	
<ul style="list-style-type: none"> <li>Notification of cessation of employment of an individual who is not a citizen or permanent resident of Singapore.</li> </ul>	Form IR21	One month before the date of cessation of employment.	
<ul style="list-style-type: none"> <li>Employer's notification of payment due to CPF Board</li> </ul>			
<b>Employer's Notification of Payments Due to CPF Board</b>			
<ul style="list-style-type: none"> <li>CPF Contribution, Skills Development Levy and Foreign Workers Levy</li> </ul>	Form CPF 91	Within 14 days of month end when payment is due, but if less than 4 employees, within 10 days.	As per Due Date of Filing.

## Due Dates (continued)

Type of Filing	Form Designation	Due Date of Filing	Due Date of Payment of Tax (Where Applicable)
<p><b>Returns Relating to Withholding Tax on Certain Payments to Non-Residents</b></p> <ul style="list-style-type: none"> <li>• Interest, royalty, technical fee, management fee</li> <li>• Directors' remuneration</li> <li>• Certain distribution by approved unit trusts</li> <li>• Rent on moveable properties</li> <li>• Sale of real properties</li> <li>• Supplementary Retirement Scheme withdrawals</li> <li>• Non-resident professional fees</li> </ul> <p>Where reduced withholding rate is applicable</p> <p><b>GST Returns for Registered Taxable Persons</b></p> <ul style="list-style-type: none"> <li>• Prescribed accounting period               <ul style="list-style-type: none"> <li>– three months (standard)</li> <li>– one month (optional)</li> </ul> </li> </ul>	<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>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><b>Other Notification to Tax Comptroller</b></p> <ul style="list-style-type: none"> <li>Notification of chargeability of tax</li> <li>Notification of estimate of chargeable income from a trade or business</li> <li>Notification by tax resident on payment of dividends (out of section 44 balance accumulated up to 31 December 2002)</li> </ul> <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. 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>
<p><b>Notification of Tax Charged or Computed By Tax Comptroller</b></p> <ul style="list-style-type: none"> <li>Notice of assessment to income tax</li> <li>Computation of partners' share of profits</li> </ul>	<p>–</p> <p>Form IR95</p>	<p>Within 30 days of issue of the notice of assessment:</p> <ul style="list-style-type: none"> <li>To lodge objection if assessment is disputed; and/or</li> <li>To submit group relief application if company can qualify due to the assessment.</li> </ul> <p>If disputed, objection to be filed within 14 days of issue date of computation.</p>	<p>Within one month of issue date of notice of assessment or by a maximum of 10 instalments (for corporates) and 12 instalments (for individuals) where pre-arranged.</p>

# Your PricewaterhouseCoopers contacts

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