

SINGAPORE TAXATION GUIDE FOR YA 2012



Corporate Tax: 0 - 17% max

Tax System: Single-tier corporate income tax system

Taxation on dividends: NONE

Capital gains tax: NONE

Estate duty: NONE

Foreign-sourced income: Tax-exempt



SINGAPORE CORPORATE TAX



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

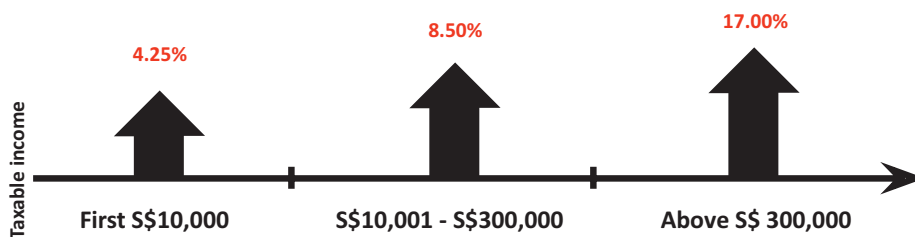
New Startup Companies* for First 3 Years of Assessment



* Qualifying conditions:

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

For All Other Companies - Partial Tax Exemption



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

TAX-FREE DIVIDEND

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

0%

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

NEW STARTUP COMPANIES FOR FIRST THREE YEARS OF ASSESSMENT

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

ALL OTHER COMPANIES PARTIAL TAX EXEMPTION

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

Online Resources

[Singapore Corporate Tax](#) | [Singapore Budget 2012](#) | [FAQS on Singapore Corporate Taxation](#)

CAPITAL GAINS TAX

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

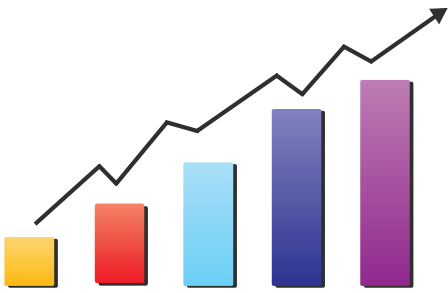
WITHHOLDING TAX ON PAYMENTS TO NON-RESIDENTS

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

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

Online Resources

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



It pays to be productive

You can get up to 400% tax deduction under PIC. Invest in any of these 6 categories to take advantage of the tax savings scheme.

Purchase / lease of PIC Automation Equipment

Includes computer, laptop, printer, fax machine, and office system software.

Training of Employees

Cost spent on internal Workforce Skills Qualification courses for staff's skills upgrading.

Acquisition of Intellectual Property

Cost of patented technology for use in manufacturing process; Price paid for trademark and copyrights.

Registration of Intellectual Property

Costs incurred to register patents, trademarks, designs and plant varieties

Research & Development

Salaries for R&D personnel and fees to R&D institutes for activities undertaken.

Approved Design Projects

Fees to engage in-house qualified designers or outsourced to approved design services providers to carry out approved design activities.

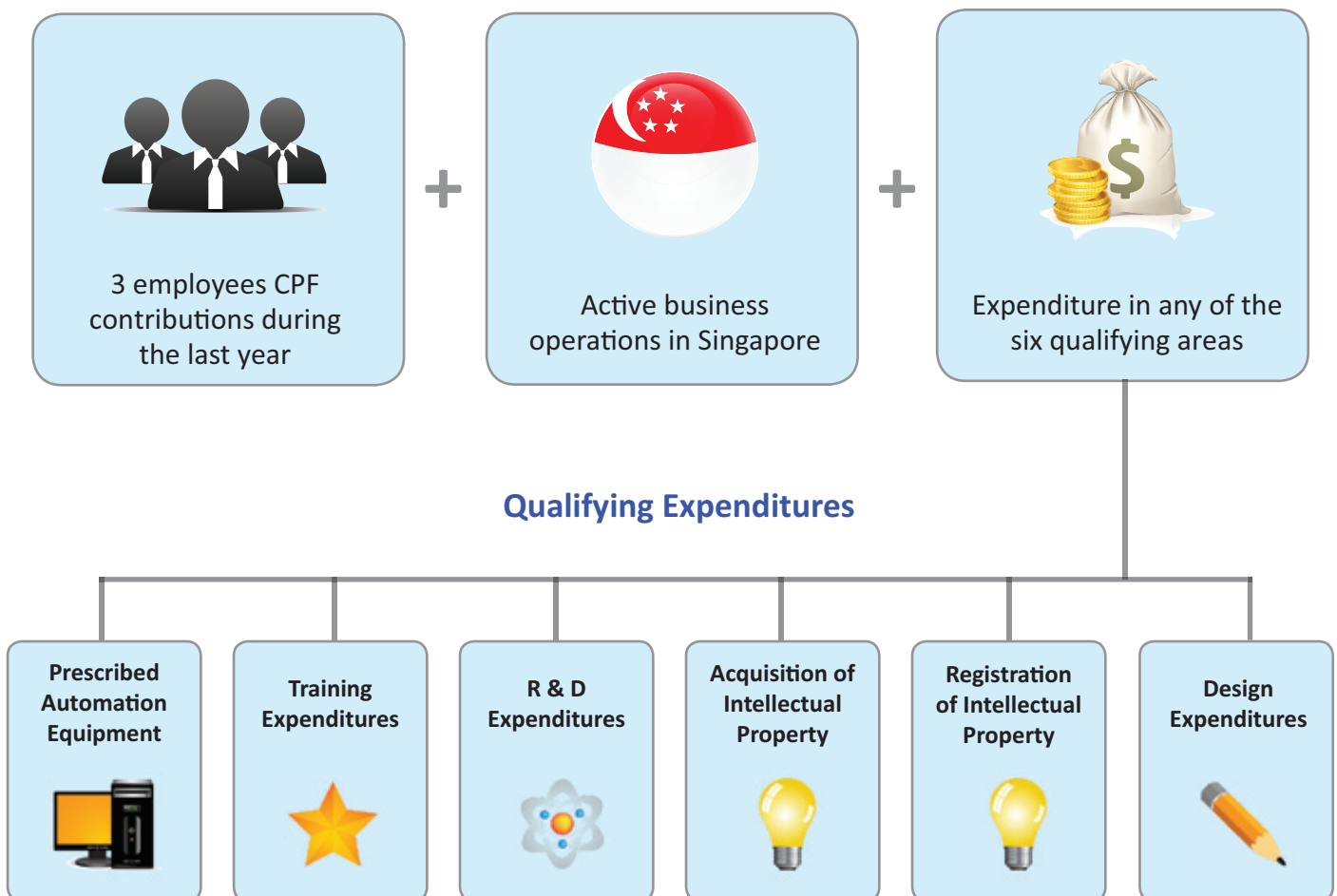
OPTION 1: PIC - CASH PAYOUT OF UP TO S\$60,000

To support small and growing businesses which may be cash-constrained, to innovate and improve productivity, businesses can exercise an option to convert their expenditure into a non-taxable cash payout. They can convert up to S\$100,000 (subject to a minimum of S\$400) of their total expenditure in all the six qualifying activities into cash payouts.

- An eligible business can opt to convert 60% of qualifying PIC expenditure (capped at S\$100,000) into a non-taxable cash payout, amounting to S\$60,000 per YA.
- Claimable any time after the end of each financial quarter, but no later than the due date for the filing of its income tax returns for the relevant year. Businesses may obtain the first quarterly cash payout starting July 2012.

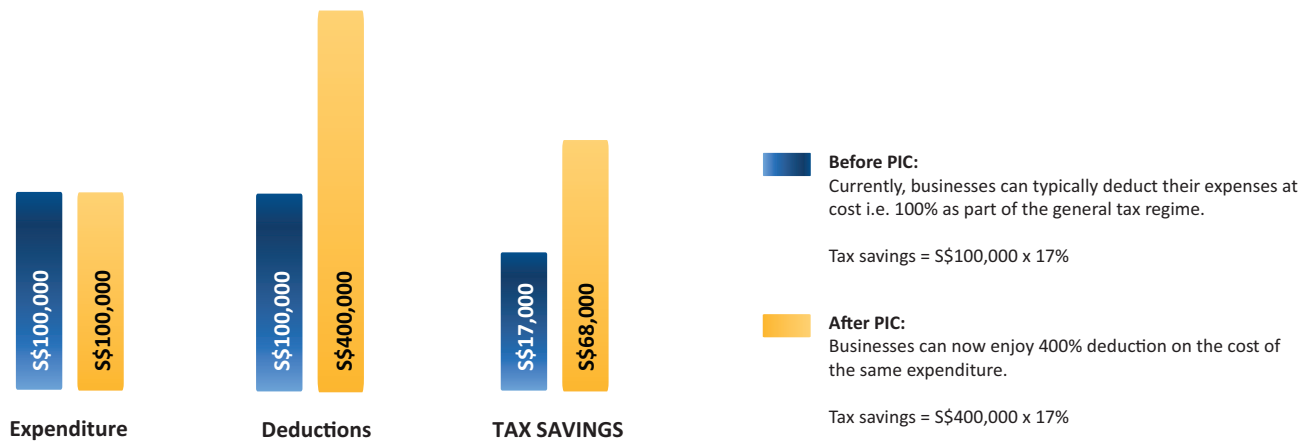
Eligibility criteria

Businesses that can opt for the cash payout are sole-proprietorships, partnerships, companies (including registered business trusts) that have:



OPTION 2: TAX CREDIT FOR UP TO S\$800,000 FOR EACH QUALIFYING ACTIVITIES

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



Qualifying activities	Brief description of qualifying expenditures under the PIC	Total deductions/allowances under the PIC (as a % of qualifying expenditure)
Acquisition or Leasing of Prescribed Automation Equipment	Costs incurred to acquire/lease prescribed automation equipment	400% allowance or deduction for qualifying expenditure subject to the expenditure cap, 100% allowance or deduction for the balance expenditure exceeding the cap
Training Expenditure	Costs incurred on: In-house training (i.e. Singapore Workforce Development Agency ("WDA") certified, Institute of Technical Education ("ITE") certified; or All external training.	
Acquisition of Intellectual Property Rights ("IPRs")	Costs incurred to acquire IPRs for use in a trade or business (exclude EDB approved IPRs and IPRs relating to media and digital entertainment contents)	
Registration of Intellectual Property Rights ("IPRs")	Costs incurred to register patents, trademarks, designs and plant variety	
Design Expenditure	Costs incurred to create new products and industrial designs where the activities are primarily done in Singapore	
Research & Development ("R&D")	Costs incurred on staff, costs and consumables for qualifying R&D activities carried out in Singapore or overseas, if the R&D done overseas is related to the taxpayer's Singapore trade or business	400% tax deduction for qualifying expenditure subject to the expenditure cap*. For qualifying expenditure exceeding the cap for R&D done in Singapore, deduction will be 150%. For balance of all other expenses, including expenses for R&D done overseas, deduction will be 100%

Notes:

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

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

PRODUCTIVITY AND INNOVATION CREDIT CLAIMS CHART

Estimated Taxable Income	Estimated Tax Payable	Effective Tax Rate	Total Qualifying Expenditure (100%)	Total PIC Claim (400%)	Effective Tax Payable (after PIC claim)
100,000	8,075	8.1%	25,000	100,000	0
200,000	16,575	8.3%	50,000	200,000	0
300,000	25,075	8.4%	75,000	300,000	0
400,000	42,075	10.5%	100,000	400,000	0
500,000	59,075	11.8%	125,000	500,000	0
600,000	76,075	12.7%	150,000	600,000	0
700,000	93,075	13.3%	175,000	700,000	0
800,000	110,075	13.8%	200,000	800,000	0
900,000	127,075	14.1%	225,000	900,000	0
1,000,000	144,075	14.4%	250,000	1,000,000	0
2,000,000	314,075	15.7%	500,000	2,000,000	0
3,000,000	484,075	16.1%	750,000	3,000,000	0
4,000,000	654,075	16.4%	1,000,000	4,000,000	0
5,000,000	824,075	16.5%	1,250,000	5,000,000	0
6,000,000	994,075	16.6%	1,500,000	6,000,000	0
7,000,000	1,164,075	16.6%	1,750,000	7,000,000	0
8,000,000	1,334,075	16.7%	2,000,000	8,000,000	0
9,000,000	1,504,075	16.7%	2,250,000	9,000,000	0
9,600,000	1,606,075	16.7%	2,400,000	9,600,000	0

Note:

Number of qualifying activities	:	Six
Maximum qualifying expenditure for each category per year	:	S\$ 400,000
Deductions claimable	:	400% of qualifying expenses
Total Amount Claimable with maximum utilization per year	:	S\$ 9,600,000

PERSONAL TAX

Personal tax Information – for Individuals

- The amount of income tax that you have to pay depends on your tax residency as well as your income range in Singapore.
- Top marginal resident tax rate of 20% kicks in at S\$320,000 of taxable income.
- Non-residents are taxed at the flat rate of 15% or the resident rates whichever results in a higher tax amount.
- Income is assessed on a preceding calendar year basis, ending 31 December. You must File Your Annual Tax Form by 15 April of the following year. You can usually expect to receive the income tax bills (Notice of Tax Assessment) during the period May to August.
- Besides salaries and bonuses, perquisites such as housing and stock options will form part of your taxable employment income.
- Overseas income derived outside Singapore, Singapore dividends and bank interests are tax exempt in Singapore.
- Paying your taxes: Sign up for the 12-month interests free GIRO Deduction Plan to pay your income tax by instalments. Otherwise, full payment has to be made within one month from the date of the income tax bill.

Progressive Income Tax Rate for Resident Individuals

YEAR OF ASSESSMENT: 2012			
	Chargeable Income	Rate (%)	Gross Tax Payable (\$)
On the first	20,000	0.0	0
On the next	10,000	2	200
On the first	30,000	-	200
On the next	10,000	3.5	350
On the first	40,000	-	550
On the next	40,000	7.	2,800
On the first	80,000	-	3,350
On the next	40,000	11.5	4,600
On the next	40,000	15	6,000
On the first	160,000	-	13,950
On the next	40,000	17	6,800
On the next	120,000	18	21,600
On the first	320,000	-	42,350
In excess of	320,000	20	

Note: If you are a sole-proprietor or partnership, you can turn your expenses to savings! Simply claim the tax deduction/allowances under the PIC scheme for YA 2012.

PERSONAL TAX RELIEFS

		Year of Assessment 2012 (SGD)	Year of Assessment 2013 (SGD)
Earned income reliefs	- Under age 55	1,000	1,000
	- 55 to age 59	3,000	6,000
	- Age 60 and above	4,000	8,000
Handicapped earned income relief	- Under age 55	2,000	4,000
	- 55 to age 59	5,000	10,000
	- Age 60 and above	6,000	12,000
Spouse relief	To qualify, working spouse must not earn more than \$2,000 in 2010, \$4,000 in 2011/2012	2,000	2,000
Child relief		4,000	4,000
Dependent parents relief	- Living with the taxpayer in the same household (each parent)	7,000	7,000
	- Not living with the taxpayer in the same household (each parent)	4,500	4,500
Course fee relief		5,500	5,500
CPF cash top-up relief	- By self or employer to self's account	Up to 7,000	Up to 7,000
	- By self to spouse, sibling, parents' and grandparents' account	Up to 7,000	Up to 7,000
Foreign maid levy (applicable only to working mothers)	- Without foreign domestic worker concession	Up to 6,360	Up to 6,360
	- With foreign domestic worker concession	Up to 4,080	Up to 4,080
Grandparent caregiver relief		3,000	3,000
NSman (self/wife/parent) relief	- Inactive NSman in previous year (non-key appointment holder)	1,500	1,500
	- Active NSman in previous year (non-key appointment holder)	3,000	3,000
	- Inactive in NSman in previous year (key appointment holder)	3,500	3,500
	- Active in NSman in previous year (key appointment holder)	5,000	5,000
CPF relief	- Age 50 & below	Up to 16,200	Up to 16,200
	- Age 51 to 55	Up to 14,580	Up to 15,525
	- Age 56 to 60	Up to 10,125	Up to 10,850
	- Age 61 to 65	Up to 6,075	Up to 6,375
	- Above 65	Up to 4,050	Up to 4,250
Supplementary Retirement Scheme (SRS) relief	- Singaporean / Singapore Permanent Resident	Up to 12,750	Up to 12,750
	- Foreigner	Up to 29,750	Up to 29,750

Rikvin can assist you in your personal income tax filings. Our personal tax filing services include:

- Registration for new tax payers
- Preparation and filing of income tax return based on your income and determination of possible deductions and reliefs that are applicable to you.
- Request for extension of deadline, if necessary
- Preparation of Form IR8A and other related statutory forms for employees
- Tax planning and tax advice

Helpful Links:

[Company Registration](#)

[Immigration](#)

[Accounting](#)

[Taxation Services](#)

[Offshore Incorporation](#)



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