

SINGAPORE CORPORATE TAX FOR YA 2012

RIKVIN



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-recognizable for its rule of law, transparency and world-class standards.

NEW STARTUP COMPANIES FOR FIRST THREE YEARS OF ASSESSMENT

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

ALL OTHER COMPANIES PARTIAL TAX EXEMPTION

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

Online Resources

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

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](#)

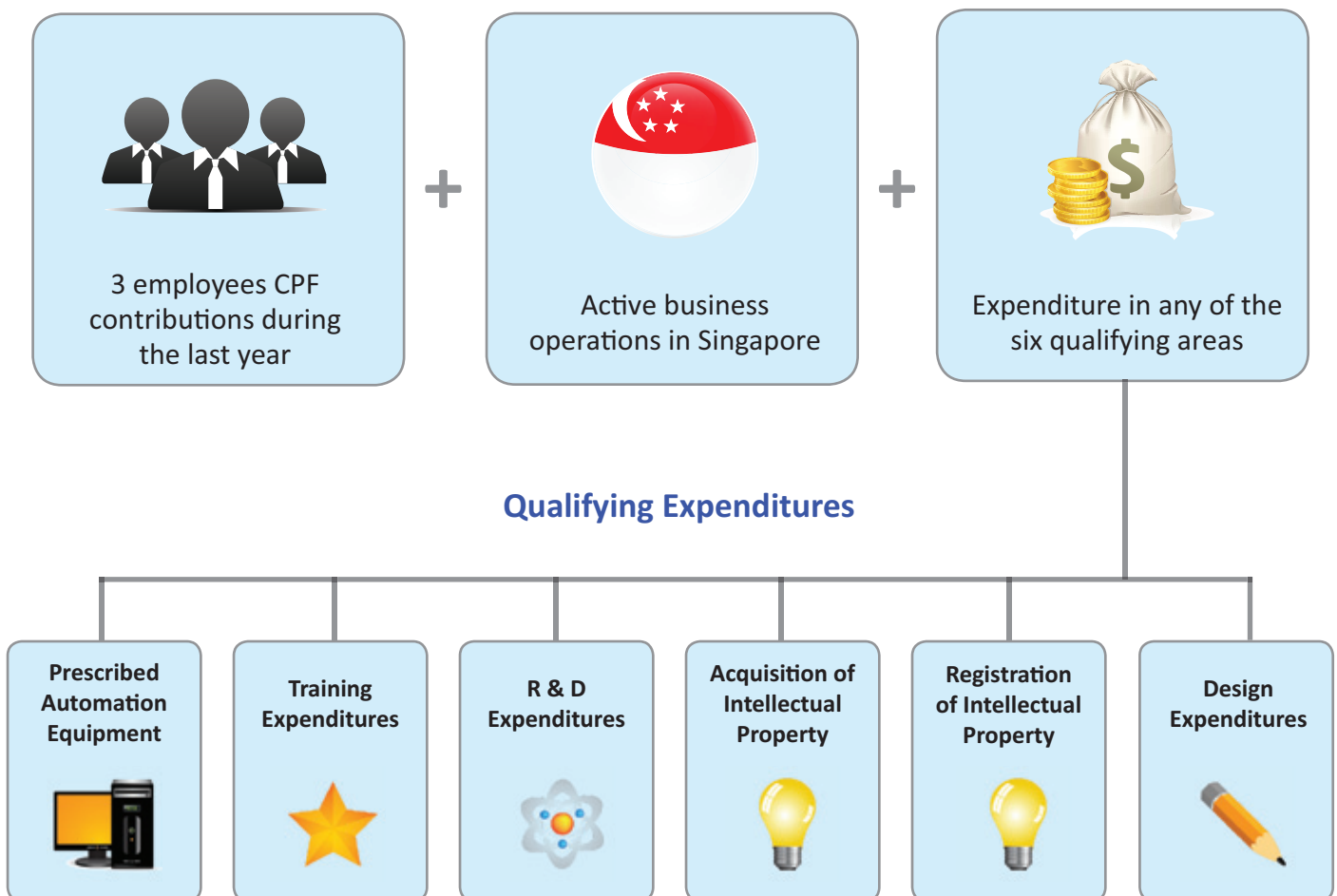
OPTION 1: PIC - CASH PAYOUT OF UP TO S\$60,000

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.

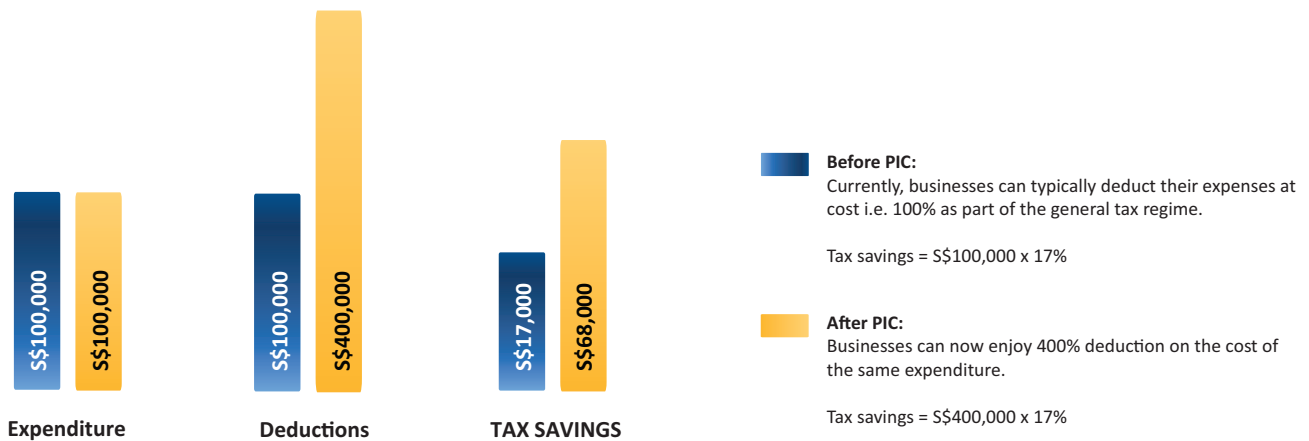
Eligibility criteria

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.

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