

# Tax FAQs

## Singapore



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# Contents

<b>General Singapore tax queries .....</b>	<b>1</b>
1. What is the basis of assessment in Singapore? .....	1
2. What is the basis of taxation in Singapore? .....	1
3. What are the various types of income subject to tax in Singapore? .....	1
4. What are the various types of tax exempt income in Singapore? .....	2
5. What are the Singapore tax filing and payment procedures? .....	2
<b>Tax Residency .....</b>	<b>3</b>
6. How is tax residency determined in Singapore? .....	3
<b>Rental income .....</b>	<b>4</b>
7. How is rental income taxed in Singapore? .....	4
8. What rental expenses can be claimed? .....	4
9. What happens if I derived rental losses during the year? .....	6
<b>Capital gains tax .....</b>	<b>7</b>
10. How is capital gain calculated? .....	7
<b>Other taxes and stamp duty.....</b>	<b>10</b>
11. Who is subject to IHT? .....	10
12. What are the stamp duty rates? .....	10
<b>Deductions.....</b>	<b>13</b>
13. What are the personal reliefs and deductions available in Singapore? .....	13
<b>Social security and retirement schemes .....</b>	<b>15</b>
14. What are the available social security and retirement schemes in Singapore? .....	15
<b>Income tax rates .....</b>	<b>16</b>
15. What are the income tax rates in Singapore? .....	16
<b>Goods and Services Tax (GST).....</b>	<b>18</b>
16. What is GST and how does it work? .....	18
17. What are the prevailing GST rates? .....	19
18. Is GST due on imported LVG? .....	19
19. Is GST due on remote services? .....	19
<b>Index of terms.....</b>	<b>19</b>

# General Singapore tax queries

## 1. What is the basis of assessment in Singapore?

Singapore's tax year is on a calendar year basis (1 January to 31 December). Income tax is assessed on preceding year's income. For example, calendar year 2024 is referred to as Year of Assessment 2025.

## 2. What is the basis of taxation in Singapore?

Singapore taxes on a territorial basis. Income is subject to tax in Singapore if it is accrued in or is derived from Singapore, regardless of where payment is made and the cost recharging arrangement.

Employment income attributable to overseas workdays which are incidental to Singapore employment are considered taxable Singapore income. If the same income is also taxed in the overseas jurisdiction causing double taxation, foreign or unilateral tax credits may be claimed in Singapore, subject to the Inland Revenue of Authority Singapore's (IRAS) approval. Resident individuals who derive income from sources outside Singapore are not subject to tax on such income. This exemption does not apply if the foreign-source income is received through a partnership in Singapore.

Non-resident individuals employed for not more than 60 days in a calendar year in Singapore are exempt from tax on their employment income derived from Singapore. This exemption does not apply to a director of a company, a public entertainer or a professional in Singapore.

The number of days of employment in Singapore includes the entire visit from the day of arrival to departure, regardless of whether the day of arrival/departure falls on a weekend/public holiday. This is on the basis that employment is exercised in Singapore for any day that you are physically present in Singapore, regardless of whether it is a workday or rest day.

Foreign-source dividend income, foreign branch profits and foreign-source service income received by any individual resident in Singapore through partnerships may be exempted from Singapore tax if certain prescribed conditions are met. Foreign-source income received in Singapore by a non-resident is specifically exempt from tax.

## 3. What are the various types of income subject to tax in Singapore?

**Employment income:** Taxable employment income includes cash remuneration, wages, salary, leave pay, directors' fees, commissions, bonuses, gratuities, perquisites, gains received from employee share plans and allowances received as compensation for services. Benefits-in-kind derived from employment, including home-leave passage, employer-provided housing, employer-provided automobiles, and children's school fees, gains arising from employer-provided stock options and share ownership plans are also taxable.

**Self-employment and business income:** Individuals who carry on a trade, business, profession, or vocation in Singapore are taxed on their profits. Whether an individual is carrying on a trade is determined based on the circumstances of each case.

**Rental income:** Rental income derived from your Singapore property is subject to income tax.

Rental expenses can be claimed based on (i) actual amount of expenses incurred solely for the production of rental income; or (ii) 15% of gross rental income plus mortgage interest expense.

#### 4. What are the various types of tax exempt income in Singapore?

**Dividend income:** Under the one-tier system, dividends paid by Singapore tax-resident companies are exempt from income tax in the hands of shareholders, regardless of whether the dividends are paid out of taxed income or tax-free gains.

**Singapore-source investment income (that is, income that is not considered to be gains or profits from a trade, business or profession):** Income derived directly by individuals from specified financial instruments, including standard savings, current and fixed deposits, is exempt from tax. Examples of such income include interest from debt securities, annuities and distributions from unit trusts.

**Capital gains:** Capital gains are not taxed in Singapore. However, in certain circumstances, the tax authorities consider transactions involving the acquisition and disposal of real estate, stocks or shares to be the carrying on of a trade. As a result, gains arising from such transactions are taxable. The determination of whether such gains are taxable is based on a consideration of the facts and circumstances of each case.

#### 5. What are the Singapore tax filing and payment procedures?

Singapore taxes is on a calendar year basis (1 January to 31 December).

Generally, an individual will be required to submit an Income Tax Return if in the preceding calendar year:

1. The total income derived from Singapore is more than S\$22,000; or
2. The individual has self-employment income with a net profit more than S\$6,000; or
3. The individual is a non-resident who derived taxable income from Singapore; or
4. Receive a notification or filing requirement from the IRAS to lodge an Income Tax Return

The individual is required to submit the individual annual tax return (Form B1) by 15 April of the following year, or 18 April if the filing is done electronically.

Singapore does not have a Pay as You Go withholding tax system. An individual may pay the tax due for the assessment year in one lump sum within one month from the issuance date of a tax assessment. Alternatively, the tax may be paid via interest-free instalments and up to a maximum of 12 instalments per year.





# Tax residency

## 6. How is tax residency determined in Singapore?

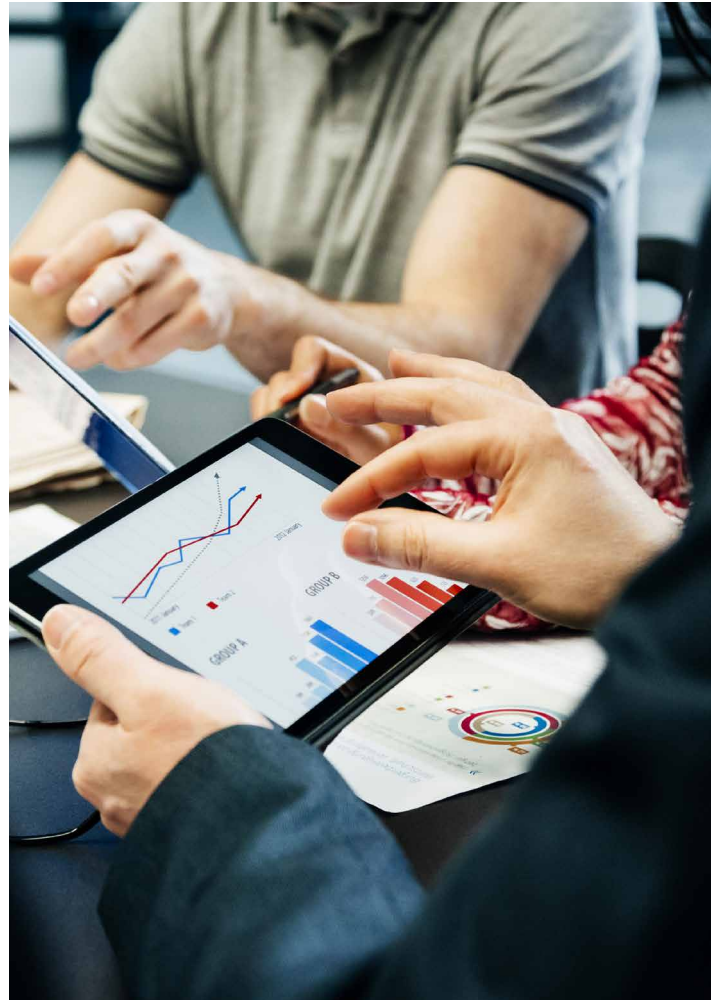
Under Singapore income tax laws, an individual is considered a Singapore tax resident under two tests of residency as follows:

**Qualitative test:** The individual has permanent personal (family) and economic (work/business) ties in Singapore and any absence from Singapore is temporary. After such absences from Singapore, the individual will return to Singapore. Under the qualitative test, Singapore citizens are, prima facie, regarded as a tax resident of Singapore by virtue of his/her citizenship.

**Quantitative test:** The individual is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment.

As an administrative concession, if an individual's employment period in Singapore is continuous and spans at least 183 days over two or more consecutive calendar years, he/she can be treated as a resident from the commencement of his/her employment period in Singapore, even though his/her employment period in the year of arrival and/or departure may be less than 183 days in the relevant year of assessment.

The individual will be regarded as a non-resident if he does not satisfy the tax residency tests.



# Rental income

## 7. How is rental income taxed in Singapore?

The rental income received from renting out your property in Singapore is subject to income tax and must be declared in your Income Tax Return, regardless of your Singapore tax residency status. Overseas rental income will not be subject to tax in Singapore.

Rental income refers to the full amount of rent and related payments you receive when you rent out your property, which will be subject to tax. This includes:

- ▶ Rent of the premises
- ▶ Maintenance
- ▶ Rent of the furniture and fittings
- ▶ Rental deposit – Generally, forfeiture of the rental deposit is considered as part of your gross rent and is taxable. However, depending on the reason for the forfeiture of the rental deposit (e.g., rental deposit forfeited due to damages to property by tenant), IRAS may consider excluding it as part of the gross rent. When filing your Income Tax Return, please provide IRAS with reasons for the forfeiture of the rental deposit.
- ▶ Subletting of property – Some property owners may choose to rent out a portion of their property (i.e., subletting). For example, they rent out a spare room while still dwelling in their home. The rental income from subletting is taxable. Property owners are required to apportion the allowable expenses incurred based on the number of rooms rented out.
- ▶ Recovery from insurance – If you have recovered any amount from insurance on the property that is rented out, the amount recovered is taxable and should be reported as part of your income.

If you have sole ownership of the property, the rental income will be taxed at 100%, even if a third party receives the rent. If the property is jointly owned, the rental income is taxed on all the joint owners based on their legal share in the property. It does not matter which party receives the rent or whether the owners paid for the property. The rental loss is also apportioned to joint owners, based on their legal ownership percentages in the property.

The net rental income after deduction of any allowable expenses is subject to income tax. It is taxable from the date it is due and payable to the property owner, and not the date of actual receipt.

## 8. What rental expenses can be claimed?

Expenses incurred solely for producing the rental income and during the period of tenancy may be claimed as tax deduction. Property owners can opt for the following methods to claim their rental expenses:

### Actual expenses

Property owners may opt to claim the amount of actual rental expenses incurred. Supporting documents such as tenancy agreements, bank mortgage statements, invoices and receipts for at least five years should be retained for verification purposes.

Any expenditure incurred by a landlord for the repair, insurance, maintenance or upkeep of a property when it is vacant in any part of a basis period, and any property tax paid on that property for that vacancy period can be deducted against rental income. This is subject to the condition that reasonable efforts have been made to find a new tenant during the vacancy period(s) in between leases.

The table below lists the allowable and non-allowable rental expenses:

Type of expense	Allowable expenses	Non-allowable expenses
Housing loans	Interest (including late payment interest <sup>#</sup> ) paid on the loan or mortgage taken to purchase the property that is rented out.	Repayments of the principal loan or mortgage amount (monthly instalments).  Late default charges or finance fees <sup>#</sup> imposed by banks for late repayment of loans.
Property tax	Incurred during the rental period (e.g., property tax paid for year 2024, on property rented out in 2024).	Penalty imposed for late payment or non-payment of property tax.  Balance brought forward from previous year's property tax.
Fire insurance	Premiums paid on fire insurance.	Capital sum assured on property.
Repairs	Repairs done during the rental period to restore the property to its original state.	Cost of initial repairs.  Repairs done which result in improvement/additions and alterations.
Maintenance	Cost of maintaining the property (e.g., painting, pest control, monthly maintenance charges [including late payment charges] <sup>#</sup> to management corporations).	Cost of renovation, additions, alterations to the property (e.g., extension of car porch, construction of drains, cementing of walls and floors, installation of window grilles).
Costs of securing tenant	Agent's commission, advertising, legal expenses and stamp duties incurred to obtain, grant, renew or extend a lease for <b>first</b> <sup>*</sup> and subsequent tenants are allowed.	Prior to 2021, the costs for getting the <b>first tenant</b> is not allowed.
Costs of supervision or management fees	Costs in engaging a third party (e.g., property agent/company) to carry out activities such as ensuring rentals are paid promptly, maintenance and upkeep of the properties and attending to tenants' queries and complaints.  Where the management fees is paid to a related party (e.g., relatives or own company), owners need to justify that the amount paid is at market rate and commensurate with the services rendered.	

<sup>#</sup>Only statutory fines or penalties imposed for the non-compliance/breach of a requirement of law are not deductible against your rental income.

<sup>\*</sup>**Note:** No deduction may be allowed to a person in respect of:

- Any lease, or any renewal or extension of a lease, for a term that (excluding any option for the renewal or extension of the lease) exceeds three years.
- Any acquisition, grant, novation, transfer or assignment of a lease because of any acquisition, sale, transfer or restructuring of any business.
- A lease under an arrangement where the property is sold by, and leased back to the seller of the property.

Type of expense	Allowable expenses	Non-allowable expenses
Furniture and fittings	Replacements of furnishings (e.g., furniture, fixtures, electrical appliances) to its original state.  Hiring of furniture.	Depreciation of furnishings (e.g., furniture, fixtures, electrical appliances).  New improvements/additions made to furnishings (e.g., furniture, fixtures, electrical appliances).
Internet charges/expenses	Paid on behalf of tenant (i.e., not reimbursed by tenant).	Paid on behalf of tenant and reimbursed by tenant subsequently.
Utility expenses	Paid on behalf of tenant (i.e., not reimbursed by tenant).	Paid on behalf of tenant and reimbursed by tenant subsequently.
Expenses incurred on properties that are not generating rental income	Not applicable	The relevant expenses incurred on such properties (e.g., rent, utilities, maintenance paid for own accommodation/a vacant property) cannot be claimed against the rental income generated from other properties as the expenses are capital and private in nature.

### 15% deemed expenses

Property owners can choose to claim the amount of deemed rental expenses calculated based on 15% of the gross rental income received. In addition to the 15% deemed rental expenses, property owners may still claim mortgage interest on the loan taken to purchase the tenanted property. Please keep the supporting documents relating to the mortgage interest for at least 5 years for verification purposes. For deemed rental expenses claim, it is not necessary to keep records of the other rental expenses incurred.

## 9. What happens if I derived rental losses during the year?

Losses from renting out your property cannot be carried forward and used to offset against any other income (e.g., employment income) that you may have in the same year or in the future.

However, as an administrative concession, you may use the rental loss of one property to offset against the taxable rental income of another property in the same year provided all the rented out properties have been rented out at market rates.



# Capital gains tax

## 10. How is capital gain calculated?

Singapore does not impose tax on capital gains. However, whether a gain from a disposal of investment is capital or revenue in nature would depend on the facts and circumstances of the case.

The Inland Revenue Authority of Singapore (IRAS) generally considers a variety of factors to determine whether the gain is capital or revenue in nature. These factors are usually referred to as the badges of trade and include the following:

- ▶ Motive and intention at the time of acquiring the asset – where an asset is acquired with the intention to hold for long term and to generate income, the gain could be argued as capital in nature.
- ▶ Subject matter of the asset transacted – where the asset sold is normally the subject matter of trading and speculation, a trade or business is found to exist.
- ▶ Period of ownership of the asset – a disposal of an asset after a longer period of time after its purchase tends to lend support that it is capital in nature.
- ▶ Continuity or frequency of transactions – infrequent transactions of a similar nature is often viewed as a strong indicator that the asset is held on capital account.
- ▶ Circumstances giving rise to the realisation of the gain – where the disposal of the asset is caused by unforeseen or unplanned circumstances, the argument for capital gains treatment would be stronger. It is also important to look at the actions taken or initiated to dispose the asset.
- ▶ Source of financing for the purchase of the asset – Minimal borrowings to fund the purchase of the asset may indicate the ability to sustain long term holding and hence, the capital gains treatment would be stronger.
- ▶ Supplementary work done – If there is no work done on the asset/property to make it more marketable or no extra effort made to find or attract purchasers, it is more likely that the argument that the asset is capital in nature is stronger.

In addition, the use of the sales proceeds may also be a factor that is considered - if the holding period is long and the proceeds are used to reinvest in other investments which are similarly held for long term, that could support the argument that the asset is capital in nature.

No single factor is in itself conclusive and the question of whether the gain from disposal of the investment is capital or revenue in nature must be determined based on the totality of facts and circumstances and the supporting evidence provided in each case.

## Section 10L

Singapore has introduced the taxation of gains from the sale of foreign assets to align the tax treatment of gains from the sale of foreign assets to the EU Code of Conduct Group guidance, which aims to address international tax avoidance risks. The change is in line with Singapore's focus on anchoring substantive economic activities in Singapore.

The tax change was legislated under the new section 10L of the Income Tax (Amendment) Bill 2023 which was approved by Parliament on 3 October 2023. This legislation was subsequently published in the government gazette on 30 October 2023. With effect from 1 January 2024, Section 10L has been effective. The Inland Revenue Authority of Singapore (IRAS) has also published an e-Tax guide on the Tax Treatment of Gains or Losses from the Sale of Foreign Assets in December 2023.

### Introduction to Section 10L

The newly introduced Section 10L taxes gains from the sale or disposal of foreign assets that occurs on or after 1 January 2024 that are received in Singapore by businesses without economic substance in Singapore. The tax would be levied at the prevailing corporate tax rate in Singapore.

Specifically, Section 10L will apply to gains from the sale or disposal of:

- ▶ Any movable or immovable property situated outside Singapore at the time of such sale or disposal or any rights or interest thereof ("Foreign Asset");
- ▶ Derived by an entity of a Relevant Group ("Covered Entity") where such gain is not chargeable to tax as income under Section 10(1) of the Income Tax Act (ITA) in Singapore or the gain is exempt from tax under the ITA; and
- ▶ Monies from such gains are received in Singapore from outside Singapore on or after 1 January 2024.

An entity (includes any legal person (including a limited liability partnership), a general partnership or limited partnership or a

trust but not an individual), is a member of a group of entities if its (i) assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements of the parent entity of the group; or (ii) excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is also a Relevant Group if (i) the entities of the group are not all incorporated, registered or established in a single jurisdiction; or (ii) any entity of the group has a place of business in more than one jurisdiction.

Given this, standalone entities and domestic groups (i.e., group with only Singapore entities) with business operations in Singapore are excluded. Notwithstanding, if one of the group entities has a place of business (e.g., a branch or a permanent establishment) in a foreign jurisdiction, the group will be considered a relevant group for purposes of Section 10L.

Foreign entities (i.e., not incorporated, registered or established in Singapore) that have no operations in Singapore and only make use of the banking facility in Singapore for bona fide commercial reasons would likely not be regarded as an entity of a Relevant Group that falls under the scope of Section 10L.

### Exclusions

Section 10L provides exclusions for prescribed entities.

In particular, Section 10L(1) does not apply to the gains from sale or disposal of a foreign asset (excluding an intellectual property right) that is carried out as part of, or incidental to:

- ▶ Business activities of prescribed financial institutions.
- ▶ Business activities or operations of an entity, being activities or operations from which the entity derives income that is exempt from tax or that is taxed at a concessionary rate of tax under specified tax incentive schemes for the year of assessment for the basis period in which the sale or disposal occurred.

Section 10L(1) will also not apply if the sale or disposal is carried out by entities which are excluded entities in the basis period in which the sale or disposal occurred. This includes the following: pure equity-holding entities ("PEHC") that satisfies specified conditions and entities that are not a pure equity-holding entity that satisfied specified conditions.

To be an excluded entity (whether as a PEHC and non-PEHC), operations of the entity must be managed and performed

in Singapore. Notwithstanding, outsourcing of economic activities to other persons is permissible.

A PEHC is regarded as an excluded entity if it (i) submits to a public authority any return, statement or account required under the written law under which it is incorporated or registered on a regular basis; and (ii) has adequate human resources and premises in Singapore to carry out the operations of the entity.

A non PEHC has to show adequate economic substance in Singapore, taking into account the following considerations:

- ▶ The number of full-time employees of the entity (or other persons managing or performing the entity's operations) in Singapore.
- ▶ The qualifications and experience of such employees or other persons.
- ▶ The amount of business expenditure incurred by the entity in respect of its operations in Singapore.
- ▶ Whether the key business decisions of the entity are made by persons in Singapore.

Based on the above, this means that the operations and key business decisions relating to the core income generating activity of the entity should be in Singapore.

It should be noted that the economic substance requirement will be ascertained at the entity level, with the exception of certain scenarios involving a special purpose vehicle (SPV). The economic substance requirement must also be met in the year of disposal of the asset.

Given this, companies receiving gains from the sale or disposal of foreign assets into Singapore should assess whether they are subject to Section 10L and if so, whether they may qualify for the exclusions.

Taxpayers can also make an application to the Comptroller of Income Tax for an advance ruling to seek certainty if the economic substance requirements have been met when a proposed sale or disposal of foreign assets is expected to occur (on the basis that the proposed sale or disposal is expected to take place within one year from the date of application). If issued, the advance ruling may be valid for up to five years of assessments (YA), including the YA in relation to the basis period in which the proposed sale or disposal of foreign assets is expected to occur.

### Clarification for funds

The Monetary Authority of Singapore (MAS) circular dated 4 April 2024 (FDD Cir 04/2024) has clarified that a fund will be considered to have met the outsourcing rules pursuant to the economic substance requirement provided that:

- ▶ The investment activity of the fund has been outsourced to a Singapore-based fund manager (SG FM).
- ▶ There is documentation of the investment strategy.
- ▶ The investment service agreement between the SG FM and the fund clearly states:
  - ▶ The duties and responsibilities of the SG FM.
  - ▶ The provision for the termination of the services of the SG FM.
- ▶ SG FM has allocated dedicated resources to perform its functions and responsibilities pursuant to the investment service agreement; and
- ▶ An arm's length fee is charged by SG FM in respect of services it renders.

Notably, a fund availing of specific fund tax exemption incentive schemes will automatically be regarded as meeting the economic substance requirement for the basis period covered by the annual declaration provided that the fund submits an annual declaration to the MAS and is able to meet the qualifying criteria for the stated schemes.



# Other taxes and stamp duty

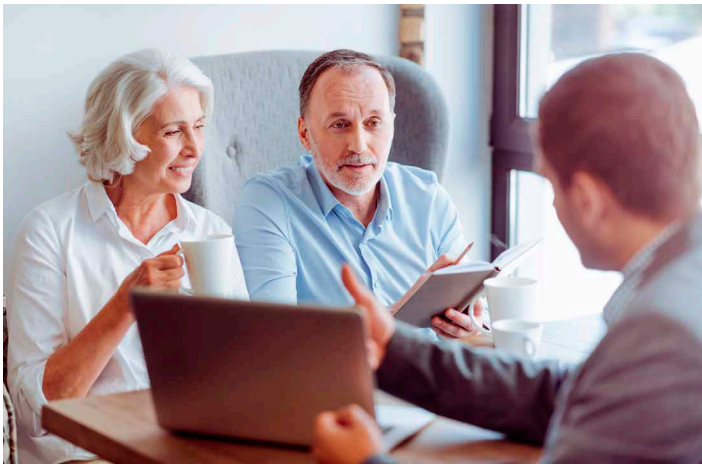
## 11. Who is subject to IHT?

Singapore generally does not impose inheritance tax (IHT), transfer duty or wealth taxes. However, there are tax implications for certain residential property sales or transfers not made in accordance to the will or law, gifts, and estates that continue to generate income after death and trusts.

Estate tax on the deemed value of an estate at death has been removed for deaths on and after 15 February 2008. Estate tax was payable for deaths prior this date on the principal value of all property that passed or was deemed to pass to the beneficiaries, subject to exemptions.

### IHT – Stamp duty

As of 19 February 2011, fixed duty for most instruments upon the distribution of property to a beneficiary of a deceased's estate has been abolished. However, if the document was executed before 19 February 2011, a nominal fixed duty remains payable. The fixed duty is payable if the properties are distributed in accordance with the individual's will or the Intestate Succession Act or the Muslim Law of Inheritance; in these cases, only a fixed stamp duty of SGD10 applies. If the distributions are not in accordance with the above, then the documents are regarded as a transfer by way of gift. In such cases, full duty will be charged on the excess entitlement acquired by the beneficiary.



## Gift tax – Stamp duty

For any conveyance or transfer operating as gifts, the documents shall be chargeable with stamp duty as if it were a conveyance or transfer on sale of any immovable properties.

Singapore imposes stamp duty on executed instruments for transfers of certain types of property e.g., share transfers, transfer of immovable property. In such a case, the stamp duty will be computed based on the higher of the purchase price or value of the property/shares.

## 12. What are the stamp duty rates?

### A. Stamp duty for shares

Stamp duty at 0.2% applies on the higher of the actual price or value of the shares when shares of a Singapore company and foreign shares maintained in a register in Singapore are transferred. Where the transfer involves scripless shares and no documents are executed, Singapore share duty is not payable.

### B. Stamp duty for immovable properties

#### Buyer's stamp duties (BSD)

##### Transfer of immovable properties in Singapore

BSD is payable for documents executed for the transfer or sale and purchase of property located in Singapore. BSD will be computed on the higher of the purchase price or market value of the property.

Differing BSD rates apply for the transfers of non-residential properties and residential properties.

With effect from 15 February 2023, the stamp duty rates for transfer of non-residential properties are as follows:

- ▶ 1% on first SGD180,000
- ▶ 2% for the next SGD180,000
- ▶ 3% for the next SGD640,000
- ▶ 4% for the next SGD500,000
- ▶ 5% for the remainder

With effect from 15 February 2023, the stamp duty rates for transfer of residential properties are as follows:

- ▶ 1% on first SGD180,000
- ▶ 2% for the next SGD180,000
- ▶ 3% for the next SGD640,000
- ▶ 4% for the next SGD500,000
- ▶ 5% for the next SGD1,500,000
- ▶ 6% for the remainder

### **Additional buyer's stamp duties (ABSD)**

#### **Transfer of residential properties**

Additional buyer's stamp duties (ABSD) could also apply on the transfers of residential properties and will be computed on the higher of the purchase price or market value of the property.

ABSD rates range from 0% to 65%, depending on the profile of the buyer and the number of immovable properties owned.

The ABSD rates (with effect from 27 April 2023) applicable for residential properties are as follows:

#### **Singapore citizen:**

- ▶ 20% for the second residential property
- ▶ 30% for the third and subsequent residential property

#### **Singapore permanent resident:**

- ▶ 5% for the first residential property
- ▶ 30% for the second residential property
- ▶ 35% for the third and subsequent residential property

#### **Foreigners:**

- ▶ 60% for any residential property

#### **Entities:**

- ▶ 65% for any residential property

#### **Housing developers:**

- ▶ 35% for any residential property
- ▶ Additional non-remittable 5% ABSD for housing developer

### **Transfer of a residential property into a living trust**

With effect from 27 April 2023, the ABSD (Trust) rate is 65%, which is payable upfront upon any transfer of a residential property into a living trust, regardless of whether there is any identifiable beneficial owner.

Remission of a part or all of the ABSD (Trust) may be provided via a refund where the transfer is to a trustee holding the residential property on trust for identifiable individual beneficiaries only.

The amount remitted will be based on the difference between the ABSD (Trust) rate of 65% and the ABSD rate based on the profile of the beneficial owner with the highest applicable ABSD rate.

### **Additional Conveyance Duties (ACD)**

#### *Transfer of equity interests in property-holding entities*

The transfer of equity interests such as shares or units (i.e., upon acquisition and disposal) in property-holding entities (PHEs) that own primarily residential properties in Singapore will also be subject to Additional Conveyance Duties (ACD). The ACD provision applies to the acquisition or disposal of equity interests by persons or entities who are significant owners of the PHE or who become one after the acquisition.

#### **Transfers of equity interests in property holding entities into trusts**

With effect from 10 May 2022, ACD (Trust) is payable upon any transfers of equity interests in PHEs into trusts for non-bare trust beneficiaries; and (ii) distribution of equity interests by trustee to non-bare trust beneficiaries, even if there is no identifiable beneficial owner of those equity interests at the time of their transfer.

ACD (Trust) will apply to instruments executed on or after 10 May 2022 on transfers of equity interests in PHEs into all living trusts where the 50% significant ownership threshold has been reached, even if there is no identifiable beneficial owner of such equity interests at the time of transfer.

In determining whether this threshold for significant ownership is reached for a living trust with non-identifiable



beneficial owners, the equity interests that the trustee holds for the trust will be considered together with those held by his associates.

## Transfer of residential properties pursuant to inheritance

For residential properties acquired on or after 20 February 2010, there may be seller's stamp duty (SSD) payable upon the sale of a property that was transferred to a beneficiary at death.

SSD is also due for any other form of sale or transfer of residential property outside of that transferred via inheritance.

For residential property transferred because of inheritance or right of survivorship in joint tenancy, the SSD will be payable if the property is disposed of within three years of the property being acquired by the deceased. If the residential property is acquired on or after 11 March 2017, the applicable SSD rates are as follows:

- ▶ Disposal within one year: 12%
- ▶ Disposal after one year of ownership but not exceeding two years: 8%
- ▶ Disposal after two years of ownership but not exceeding three years: 4%
- ▶ Disposal after three years: No SSD payable

For interest in property acquired prior to 11 March 2017, different SSD rates may apply and should be checked separately if applicable.

SSD is computed on the higher of the selling price or the market value of the residential property as at the date of sale or disposal.

## Transfer of industrial properties pursuant to inheritance

On 11 January 2013, the government announced that SSD will be imposed on industrial properties that are bought or acquired on and after 12 January 2013 and sold or disposed of within three years.

SSD is also due for any other form of sale or disposal of residential property outside of that transferred via inheritance.

The SSD rates in these cases are applied to the actual price or market value, whichever is higher, of the industrial properties, as follows:

- ▶ Disposal within one year: 15%
- ▶ Disposal after one year of ownership but not exceeding two years: 10%
- ▶ Disposal after two years of ownership but not exceeding three years: 5%
- ▶ Disposal after three years: No SSD payable

There are various exemptions/reliefs that may be available in certain scenarios.



# Deductions

## 13. What are the personal reliefs and deductions available in Singapore?

Personal reliefs are deductions granted to individuals tax resident in Singapore. Some of the deductions for the income year 2023 are summarized in the following table.

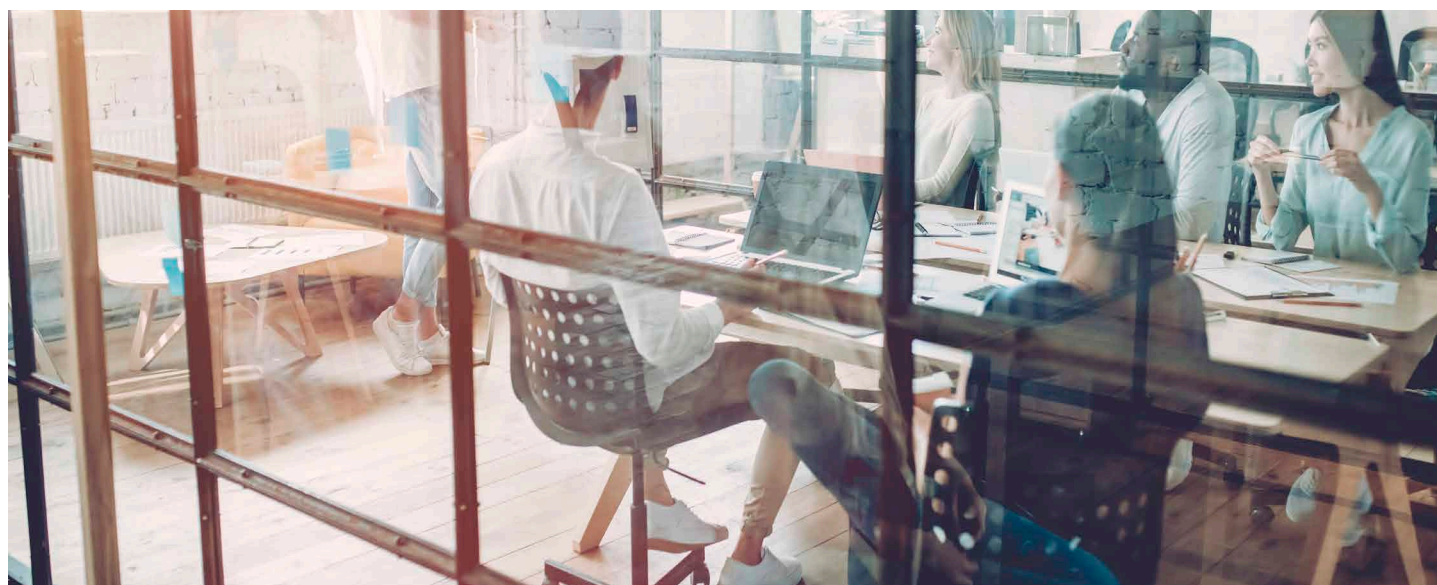
Type of relief	Amount of deduction
Earned Income	Below 55 years old – S\$1,000/S\$4,000 (disability) 55 to 59 years old – S\$6,000/S\$10,000 (disability) 60 years old and above – S\$8,000/S\$12,000 (disability)
Spouse	S\$2,000 S\$5,500 (disability)
Child	S\$4,000 each S\$7,500 each (disability)
Life insurance premiums	Max. S\$5,000
Course fee	Max. S\$5,500 Course Fees Relief will lapse from Year of Assessment 2026
Parent	Staying with dependent – S\$9,000 per dependent/S\$14,000 per dependent (disability) Not staying with dependent – S\$5,500 per dependent/S\$10,000 per dependent (disability)
Sibling (Disability)	S\$5,500 each
Foreign Maid Levy (only applicable to female taxpayers)	The foreign maid levy has lapsed for all taxpayers with effect from Year of Assessment 2025.
Working mother's child relief (WMCR) (only applicable to working mothers)	The amount of relief claim for each child is based on the child order 1st child – 15% of mother's earned income 2nd child – 20% of mother's earned income 3rd child and beyond – 25% of mother's earned income With effect from Year of Assessment 2025, the WMCR will be changed to a fixed dollar tax relief for eligible working mothers in respect of qualifying children who are Singapore citizens born or adopted on or after 1 January 2024. The amount of relief is based on each child 1st child – S\$8,000 2nd child – S\$10,000 3rd child and beyond – S\$12,000 There is no change to the WMCR for eligible working mothers with a qualifying Singapore citizen child born or adopted before 1 January 2024 (i.e., WMCR will still be based on a percentage of their income for this group of eligible mothers). The total WMCR amount that an eligible working mother can claim for all her qualifying children remains capped at 100% of the mother's earned income.

Type of relief	Amount of deduction
Grandparent caregiver (GCR) (only applicable to working mothers who engage the help of parents, grandparents, parents-in-law and grandparents-in-law to take care of their child)	S\$3,000 With effect from Year of Assessment 2025, working mothers will be able to claim the GCR in respect of caregivers who have trade, business, profession, vocation or/and employment income, as long as the caregivers' total income from these activities does not exceed S\$8,000 in the year preceding the year of assessment of the claim, if they have met all other conditions.
Supplementary Retirement Scheme (SRS)	Max S\$15,300 (Singaporean/SPR) Max S\$35,700 (Foreigner)
CPF Cash Top Up*	Up to S\$8,000 for self per year; another max. of S\$8,000 for family member per year (including top-up on Medisave Account for employees)
CPF relief*	Employee mandatory contribution, up to CPF capping
NSman relief*	Per MINDEF

\*Only applicable to Singapore Citizen/Singapore Permanent Resident. CPF cash top-ups that attract matching grants under the Matched Retirement Savings Scheme (MRSS) will not be eligible for CPF Cash Top-up Relief from Year of Assessment 2026 (i.e., CPF cash top-ups received from 1 January 2025). Individuals may continue to enjoy tax relief of up to S\$16,000 (maximum S\$8,000 for self and maximum S\$8,000 for family members) a year for eligible CPF cash top-ups that do not attract MRSS grants.

Total amount of personal income tax reliefs is capped at S\$80,000 (Effective from Year of Assessment 2018).

If the taxpayer has met the conditions as listed by the IRAS for each relief, he can claim the personal reliefs in his tax return accordingly.



# Social security and retirement schemes

## 14. What are the available social security and retirement schemes in Singapore?

### Central Provident Fund (CPF)

The CPF is a statutory savings scheme to provide for employees' old-age retirement in Singapore. Only Singapore citizens and permanent residents working in Singapore are required to contribute to the CPF. All foreigners (including Malaysians) are exempt from CPF contributions. In addition, they may not make voluntary contributions to the CPF.

Both employees and employers must contribute to the fund. For individuals who are Singapore citizens or permanent residents in their third year or beyond up to 55 years of age, the statutory rate of the employee's contribution is 20%, and the rate of the employer's contribution is 17%. Lower contribution rates apply to individuals over 55 years of age. Special transitional contribution rates apply to foreigners who become Singapore permanent residents.

Maximum contribution limits apply to both 'ordinary' and 'additional' wages. For 'ordinary' wages, contributions for employees in the private sector are payable only on the part of the monthly wage that falls within the Ordinary Wage ceiling, which is being progressively increased as follows:

- ▶ S\$6,800 starting from 1 January 2024
- ▶ S\$7,400 from 1 January 2025
- ▶ S\$8,000 from 1 January 2026

There is no change to the annual wage cap of SGD 102,000 per year.

Contributions on 'additional' wages, such as bonuses and other non-regular wages, are subject to limits if the employee's total wages for the year exceed SGD102,000. In this event, the contributions on the 'additional' wages are payable up to a limit of SGD102,000, less the total 'ordinary' wages subject to CPF contributions in the year. Self-employed individuals who carry on a trade, business, profession, or vocation may also participate in the CPF scheme.

On reaching 55 years of age, an employee is entitled to withdraw, tax-free, the accumulated contributions up to

a certain limit, plus accrued interest. If the employee permanently leaves Singapore (and Malaysia) before reaching 55 years of age, the funds may also be withdrawn. The employee's balance may also be withdrawn for certain specified purposes, including the acquisition of residential property, investment in shares and the payment of certain hospital expenses for anyone in the taxpayer's family.

### Supplementary Retirement Scheme (SRS)

SRS allows Singapore citizens and permanent residents to elect to contribute to private funds in addition to their CPF contributions. Foreigners working in Singapore may also participate in this scheme. Contributions are deductible but are subject to a cap. The rates of contribution are 15% for citizens and permanent residents and 35% for foreigners, subject to an absolute income base of S\$102,000. The voluntary SRS contributions are paid only by employees; employers are not required to make SRS contributions. Employers may also directly contribute to the SRS on behalf of their employees, subject to the current contribution limits. Contributions made by your employer to your SRS account on your behalf constitutes your remuneration. Such contributions are taxable and must be declared by your employer in your Form IR8A for the relevant Year of Assessment and you will be given a tax relief for such contributions.

Withdrawals made before the employee reaches the statutory retirement age are fully taxed and are generally subject to a 5% penalty. Withdrawals are only 50% taxable if they are made after the employee reaches the statutory retirement age in effect at the time of the first contribution, after the employee's death, for medical reasons, or by a foreigner who has maintained the SRS account for at least 10 years from the date of the first contribution. Employees who reach the statutory retirement age or who meet the rules on medical grounds, may further reduce the tax payable by extending the withdrawals over a period of up to 10 years from the time they reach the statutory retirement age in effect at the time of withdrawal.



# Income tax rates

## 15. What are the income tax rates in Singapore?

Tax rates of resident individuals\*

Assessable income (SGD)	Tax rate (%)	Tax due (SGD)	Cumulative tax due (SGD)
First 20,000	0	0	0
Next 10,000	2	200	200
Next 10,000	3.5	350	550
Next 40,000	7	2,800	3,350
Next 40,000	11.5	4,600	7,950
Next 40,000	15	6,000	13,950
Next 40,000	18	7,200	21,150
Next 40,000	19	7,600	28,750
Next 40,000	19.5	7,800	36,550
Next 40,000	20	8,000	44,550
Next 180,000	22	39,600	84,150
Next 500,000	23	115,000	199,150
Above 1,000,000	24	-	-





Tax rates of non-resident individuals\*

Income category	Rates (a)
Income from employment (other than directors' fees)	Flat rate of 15% or the progressive tax rates, whichever that results in a higher tax payable (employment income of non-resident individual employed in Singapore for no more than 60 days in a calendar year is exempt from tax)
Income from directors' fees	24%
Income from trade, business, profession, or vocation	24%
Income from professional services	15% (b)
Interest (excluding tax-exempt interest from approved banks, finance companies, qualifying debt securities and qualifying project debt securities)	15% (c)
Dividends (other than tax-exempt and one-tier dividends)	0% (d)
Royalties for the use of, or right to use, movable property and scientific, technical, industrial, or commercial knowledge or information	10% (c)
Rent or other payments for the use of movable property	15%
Income of public entertainers	15%, net of specified expenses
Income derived by qualifying international arbitrators and mediators	10% (e)
Other sources	24%

\* Income tax rates as at 1 January 2023

(a) The rate may be reduced under the terms of a double tax treaty.

(b) This is a final withholding tax on the gross amount unless the non-resident professional elects to be assessed at a rate of 24% on net income.

(c) The rate applies only if the income is not derived by the non-resident individual from any trade, business, profession, or vocation carried on or exercised by that individual in Singapore. If the income is derived from any trade, business, profession or vocation carried on or exercised by the non-resident individual in Singapore, then the withholding tax rate is 24%.

(d) Singapore currently does not have withholding tax on dividends but withholding tax rates on dividends are provided under its tax treaties.

(e) From 1 April 2023 to 31 December 2027, gross income derived by such non-resident mediators from mediation work carried out in Singapore will be subject to a concessionary withholding tax rate of 10%. Alternatively, non-resident mediators may elect to be taxed at 24% on net income assessed, instead of 10% on gross income.

# Goods and Services Tax (GST)

## 16. What is GST and how does it work?

GST is a broad-based consumption tax levied on imported goods, as well as nearly all supplies of goods and services in Singapore. In other countries, GST is known as the Value-Added Tax (VAT).

GST exemptions apply to the provision of most financial services, the supply of digital payment tokens, the sale and lease of residential properties, and the importation and local supply of investment precious metals. Goods that are exported and international services are zero-rated.

The table below lists the categories and types of taxable and non-taxable supplies.

### Taxable supplies

Type	Standard-rated supplies (currently 9% GST)	Zero-rated supplies (0% GST)
Goods	<p>Most local sales fall under this category.</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Sale and rental of commercial properties</li></ul> <p>Sale of imported low-value goods (LVG) (from 1 January 2023)</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Sale of tennis racquet by overseas online merchant to customer in Singapore at S\$300, excluding freight and insurance.</li></ul>	<p>Export of goods</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Sale of laptop to an overseas customer, where the laptop is shipped from Singapore to an overseas address.</li></ul>
Services	<p>Most local provision of services fall under this category.</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Spa services provided to a customer in Singapore</li><li>▶ Fees on the advising on, arranging, broking, or underwriting of financial activities provided to customers in Singapore</li></ul> <p>Imported services</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Procurement of marketing services from overseas service provider</li></ul>	<p>Services that are classified as international services</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Air ticket from Singapore to Thailand (international transportation service)</li></ul>

### Non-taxable supplies

Type	Exempt supplies (GST is not applicable)	Out-of-scope supplies (0% GST)
Goods	<ul style="list-style-type: none"><li>▶ Sale and rental of unfurnished residential properties</li><li>▶ Importation and local sale of investment precious metals</li></ul>	<ul style="list-style-type: none"><li>▶ For example:</li><li>▶ Third country sale (where the goods are delivered from overseas to another overseas location)</li></ul>
Services	<p>Financial services</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Sale of shares or bonds</li><li>▶ Charges by bank for the operation of bank accounts</li><li>▶ Provision of derivatives that does not lead to any delivery of goods or services</li></ul> <p>Digital payment tokens (from 1 January 2020)</p> <p>For example:</p> <ul style="list-style-type: none"><li>▶ Exchange of Bitcoin for fiat currency</li></ul>	<ul style="list-style-type: none"><li>▶ Private transactions, e.g., non-business activities performed without payment or any expectation of return from the recipients.</li></ul>

17. What are the prevailing GST rates?

The GST rate has been increased from 7% to 8% with effect from 1 January 2023 and from 8% to 9% with effect from 1 January 2024.

GST-registered businesses are required to charge and account for GST at the standard-rate of 9% from 1 January 2024 on all sales of goods and services in Singapore unless the sale can be zero-rated or exempted under the GST law.

18. Is GST due on imported LVG?

With effect from 1 January 2023, consumers will need to pay GST on goods valued at S\$400 or below (“LVG”), which are imported into Singapore via air or post (“imported LVG”) and purchased from GST-registered suppliers.

Before 1 January 2023, LVG which are procured locally from GST-registered businesses are subject to GST, while LVG which are procured from overseas and imported via air or post are not subject to GST. This change would achieve a level playing field in the GST treatment for goods consumed in Singapore, whether procured locally or from overseas.

There is no change to the GST treatment for goods imported via sea or land as well as goods valued above S\$400 which are imported via air or post. GST is payable at the point of importation for such goods.

19. Is GST due on remote services?

With effect from 1 January 2020, consumers in Singapore who purchased digital services from GST-registered overseas service providers have to pay GST. Digital services are automated services supplied over the Internet with minimal or no human interaction. This includes downloadable digital content such as mobile apps, e-books and movies, subscription-based media such as news, magazines, music and online gaming, software programs such as photoshop tools and anti-virus software, and electronic data management such as website hosting and cloud storage services.

With effect from 1 January 2023, GST will also be payable by consumers in Singapore who purchase non-digital services from GST-registered overseas service providers. In other words, from 1 January 2023, consumers in Singapore will need to pay GST on supplies of all remote services (i.e., digital services or non-digital services) purchased from GST-registered overseas service providers.

Similar to taxing on LVG, the taxing on remote services procured from overseas service providers is intended to level the GST treatment for all remote services, whether procured locally or from overseas.

Index of terms

ABSD	Additional buyer’s stamp duties	FTC	Foreign tax credit
ACD	Additional conveyance duties	IHT	Inheritance tax
BSD	Buyer’s stamp duties	IRAS	Inland Revenue Authority of Singapore
CGT	Capital gains tax	SRS	Supplementary Retirement Scheme
CPF	Central Provident Fund	SSD	Seller’s stamp duty
DTA	Double taxation agreement		

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EYG No. XX0000  
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UKC-037280.indd (UK) 12/24.  
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