

# Singapore Tax Briefing

2022



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# Singapore Tax Year

- 1 Calendar year (1 January to 31 December)
- 2 Tax is payable in arrears (after the filing of tax return)
- 3 Generally, no payroll withholding of remuneration

# Basis of Individual Taxation

Singapore adopts a territorial basis of taxation (i.e. only Singapore sourced income will be subject to tax in Singapore)

- Income derived from exercising employment in Singapore will be taxable
  - Any time spent outside of Singapore for work purposes generally considered incidental to Singapore employment
- 
- Income derived from exercising employment outside of Singapore (i.e., where the base of employment is outside Singapore) will not be taxable

# Remittance

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Remittance of foreign sourced income into Singapore is exempt from tax in Singapore, unless received or remitted through a partnership business in Singapore

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## Other Singapore Sourced Income

### Tax exempt

- Bank interest income from standard deposits with approved banks
- Dividend from Singapore company paid under 1-tier corporate tax system

### Taxable

- Rental income from Singapore properties
- Business/trade/partnership income

*The above list is not exhaustive*

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**There are no capital gains tax  
in Singapore**

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# Singapore Social Security – Central Provident Fund

## Central Provident Fund (CPF)

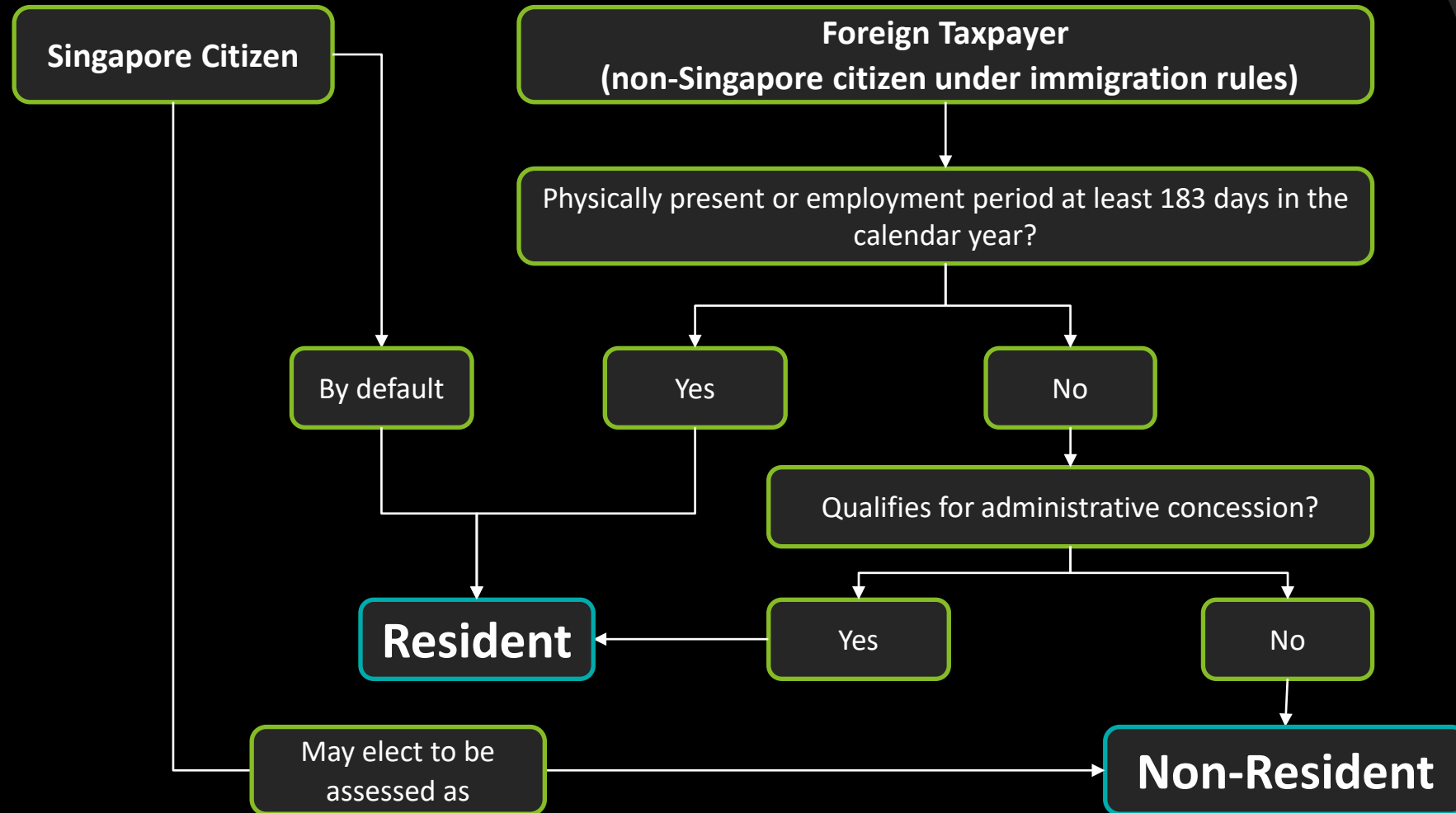
- National social security scheme
- Mandatory for Singapore citizens and Singapore Permanent Resident (SPR) (under immigration rules) employees working in Singapore
- Not applicable or allowed for foreigners
- Employee mandatory contributions (up to CPF capping limit) can be claimed as personal relief in the tax return
- Employer mandatory CPF contributions (up to CPF capping limit) are not taxable
- Not mandatory for Singapore citizens and SPR employees working outside of Singapore, but voluntary CPF contributions can be made, subject to capping limits

# Supplementary Retirement Scheme (SRS) – Voluntary Scheme

## Supplementary Retirement Scheme (SRS)

- Voluntary scheme
- Foreigners may participate
- An SRS account would need to be opened with any of the 3 SRS bank operators: DBS, OCBC, UOB
- SRS contributions can be claimed as personal relief in the tax return (subject to capping limits)
- There are conditions relating to withdrawal and the withdrawals are taxable in Singapore. Penalties may be applicable for early withdrawals

## Tax Residency - Summary



# Tax Residency - Rules

## Singapore Citizens

- Singaporeans are ordinarily considered tax residents unless elected otherwise

## Singapore Permanent Residents (SPR) and Foreign Nationals

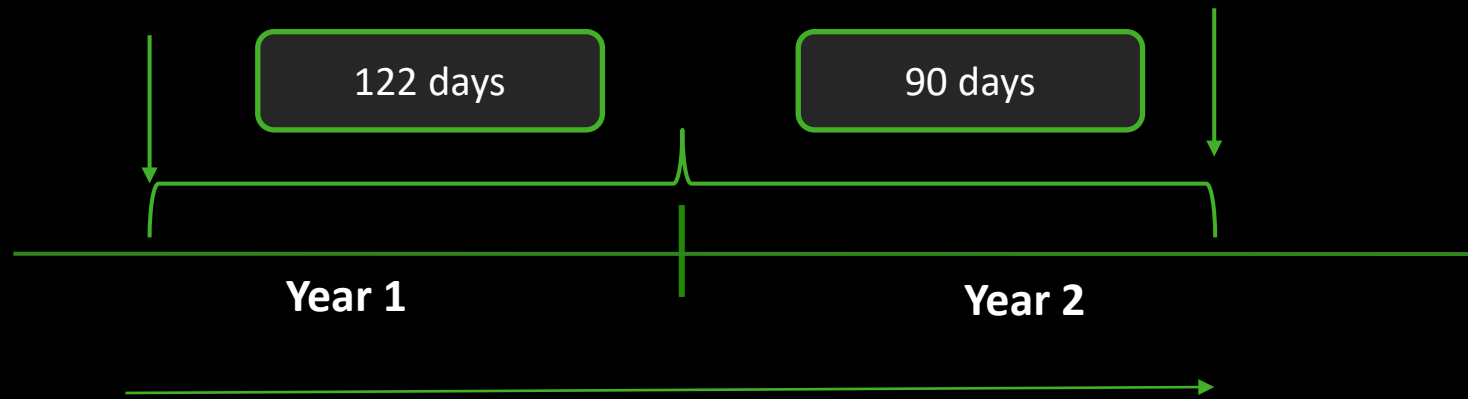
- An individual will be regarded as resident of Singapore if:
  - (a) the physical presence in Singapore; **OR**
  - (b) period of employment in Singapore  
is for **at least 183 days** during the calendar year concerned
- Where the employment period is less than 183 days, the following administrative concessions may be applicable:-
  - 2-year administrative concession: Employment period is for consecutive period of at least 183 days straddling over 2 calendar years
  - 3-year administrative concession: Employment period in Singapore covers 3 consecutive calendar years

# Tax Residency

## 2-year Administrative Concession

Commenced SG employment on 1  
September  
( $< 183$  days in Year 1)

Ceased SG employment on  
31 March  
( $< 183$  days in Year 2)



Total employment period (212 days) is for continuous period of at least 183 days straddling over 2 calendar years

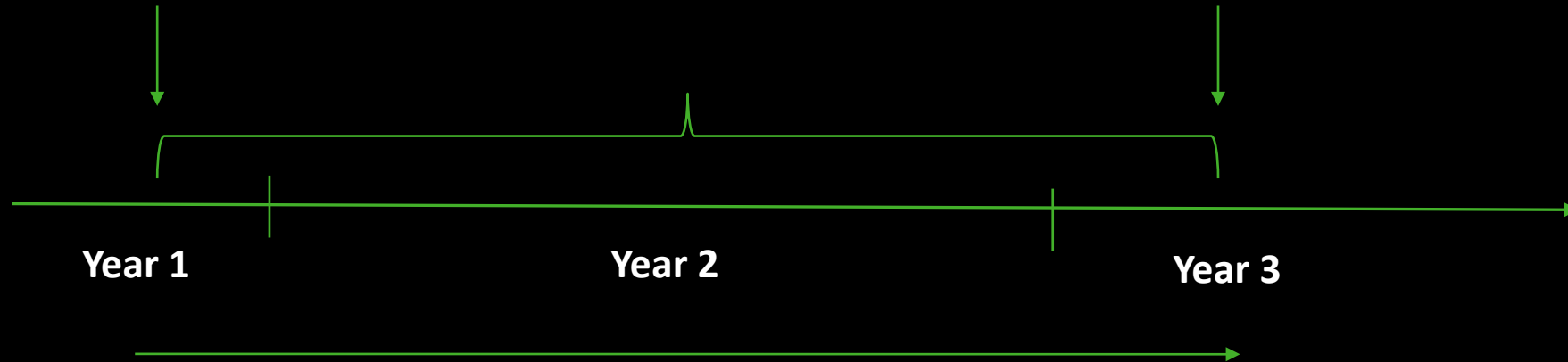
=> Will be treated as tax resident for both years under the 2-year administrative concession

# Tax Residency

## 3-year Administrative Concession

Commenced SG employment  
on 1 September  
( $< 183$  days in Year 1)

Ceased SG employment on  
5 March  
( $< 183$  days in Year 3)



Employment period covers 3 consecutive calendar years

=> Will be treated as tax resident in both Year 1 and Year 3 under the 3-year administrative concession

# Tax Rates\*

## Residents

- Progressive tax rates ranging from 2% to 22% after deduction of personal reliefs and allowances
- W.e.f. YA 2024 (income year 2023), the marginal tax rates for income exceeding S\$500,000 will be increased

## Non-Residents

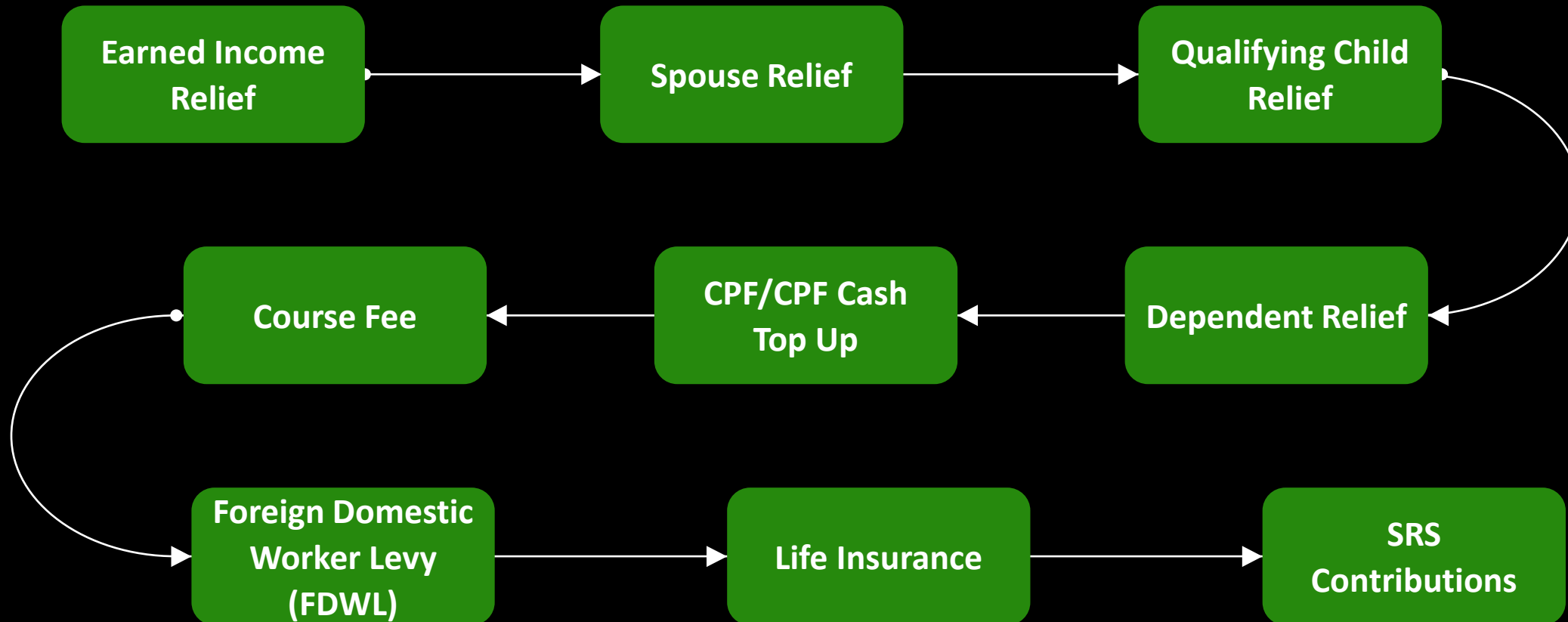
- Employment income: Taxed at the higher of a flat rate of 15% and graduated resident tax rates
- Rental and other income: Taxed at a flat rate of 22% (24% w.e.f. YA 2024)

Chargeable Income	Income Year 2022	From Income Year 2023
S\$0 to S\$500,000	No changes to current tax rates (0% to 22%)	
On next S\$500,000	22%	23%
In excess of S\$1,000,000	22%	24%

\*Subject to change



# Personal Tax Reliefs for Resident Taxpayers



*Total reliefs capped at SGD 80,000 per annum*

*The above list is not exhaustive*



## Not Ordinarily Resident (NOR) Scheme – Lapsed with effect from Year 2020

<b>Qualifying Conditions for NOR status</b>	Non-resident of Singapore for 3 consecutive Years of Assessment (YA) immediately before that first YA
	Singapore tax resident in the year of qualification

<b>NOR Status</b>	NOR status is irrevocable (once approved)
	5-year qualifying period starts from the YA that the individual first meets the criteria
	2 NOR status periods cannot overlap
	NOR tax concessions can only be applied for the applicable YA if the individual is tax resident under the 183-day rule for that YA

*Scheme has lapsed from YA 2021 (income year 2020). The last 5-year NOR qualifying period will be from YA 2020 to YA 2024 (income years 2019 to 2023).*

# Not Ordinarily Resident (NOR) Scheme – Lapsed with effect from Year 2020

## Tax Concession: Time Apportionment of Employment Income

### Qualifying Conditions

Minimum Singapore employment income of S\$160,000

Spend at least 90 days outside of Singapore for business purposes (keep travel schedule)

Must be employed by a Singapore employer

A tax resident by virtue of 183-days rule for the assessment year concerned (tax concessions under NOR will not be available if treated as resident under the 3-year administrative concession)

Minimum (i.e. “floor”) tax rate of 10% of total employment income

Applicable to all employment income except Director’s Fees

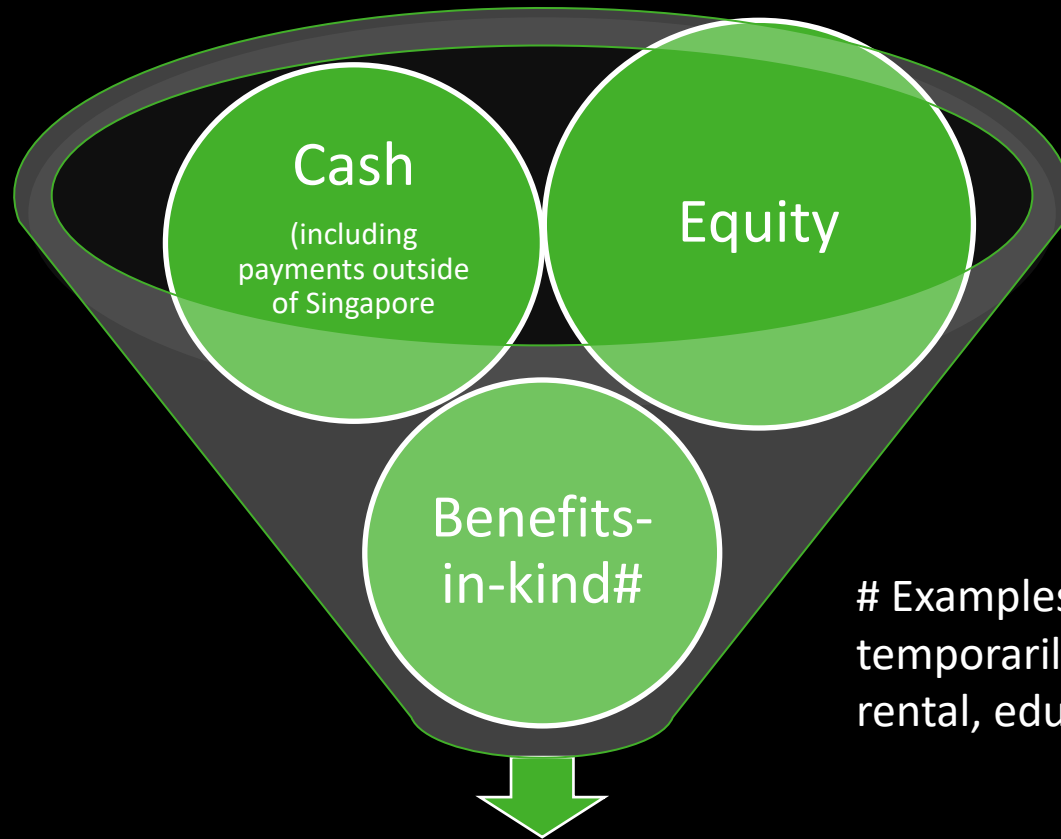
# Not Ordinarily Resident (NOR) Scheme – Lapsed with effect from Year 2020

**Tax Concession: Exemption of employer's contributions to non-mandatory overseas pension plan / social security scheme [Generally not applicable for Amazon employees]**

## Qualifying Conditions

Minimum Singapore employment income of S\$160,000	Employer forgoes corporate tax deduction of pension exemption amount (up to NOR cap)	Employer is not a service company that adopts a cost-plus mark-up basis of tax assessment	A tax resident by virtue of 183-days rule for the assessment year concerned (tax concessions under NOR will not be available if treated as resident under the 3-year administrative concession)
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# Employment Income

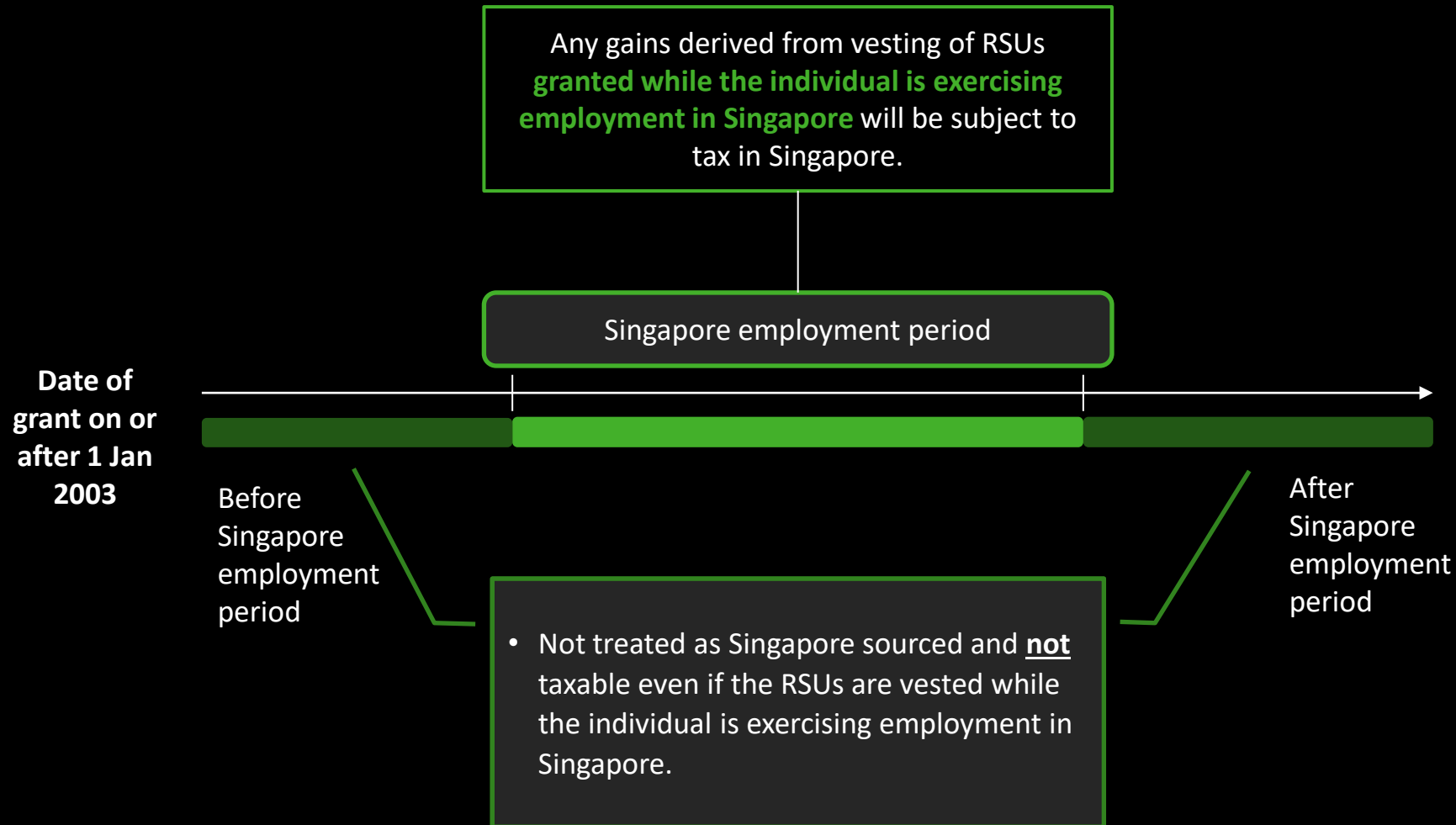


Taxable, unless there is exemption  
or administrative concession

# Examples: Temporary accommodation,  
temporarily living expenses, home leave, car  
rental, education expenses, etc.

# Amazon Restricted Stock Units (RSUs)

## Sourcing rules in Singapore



# Amazon Restricted Stock Units (RSUs)

Granted during Singapore employment

- Generally subject to tax in the year in which the RSUs are vested, unless where the “deemed exercise” rule is applicable in the year of cessation

Conditions	Taxable Event
Without selling restriction	Taxable in the year of vesting
Subject to “deemed exercise” rule (does not apply to Singapore citizens)	Date of deemed exercise

# Amazon Restricted Stock Units (RSUs)

## “Deemed exercise” rule on cessation of Singapore employment



- Applicable to any RSUs granted during Singapore employment which remains unvested (i.e. the awards are not forfeited) when the employee ceases employment in Singapore
- The deemed exercise rule is not applicable to Singapore citizens



- RSUs are deemed to be vested 1 month prior to cessation date, or date of grant (if later)
- Deemed gains are computed based on closing share price of shares 1 month prior to cessation date, or date of grant (if later), less price payable for the shares



- Deemed gains > actual gains: Application for reassessment within 4 years from YA that the deemed gains are assessed
- Deemed gains < actual gains: No additional reporting required



- Cash flow issues
- Potential double taxation implications on actual vesting
- May explore the claim for tax treaty relief [via time apportionment of income or foreign tax credit (FTC)] or unilateral tax credits (UTC) for foreign taxes paid on actual vesting to mitigate double taxation exposure, although the IRAS would review the claim on case-by-case basis and with documentary support
- FTC/UTC/treaty relief claim is generally expected to be protracted (i.e. time lag between tax payments and the potential refund) and a favourable outcome cannot be guaranteed

## Timeline for Singapore Annual Tax Return Filing (if you are authorised for Deloitte tax return services)

Date	Event
January/early-February	Deloitte will issue the tax questionnaire and calendar for your completion
28 February	Tax questionnaire and calendar should be completed and submitted
15 April (Paper filing) 18 April (e-Filing)	<ul style="list-style-type: none"><li>• Original filing due date for Singapore individual tax return</li><li>• The tax return deadline will be extended on your behalf until 30 June (subject to IRAS' agreement)</li></ul>
1 March to 30 June	Deloitte to prepare the tax return and the completed package will be sent to you and Amazon for approval before submitting to the IRAS
30 June	<ul style="list-style-type: none"><li>• Extended filing due date for Singapore individual tax return</li><li>• Late filing penalty will be imposed if tax return is not filed by the deadline)</li></ul>
1 July to December	<ul style="list-style-type: none"><li>• Notice of Assessment (NOA), i.e. tax bill, will be issued based on IRAS' internal assessing schedule. <b>A copy of the NOA should be sent to Deloitte immediately for verification upon receipt.</b></li><li>• Payment is due within 1 month from the date of issue of NOA unless GIRO instalment has been applied. Penalties and recovery actions will be imposed for late payment.</li></ul>



# Timeline for Singapore Annual Tax Return Filing

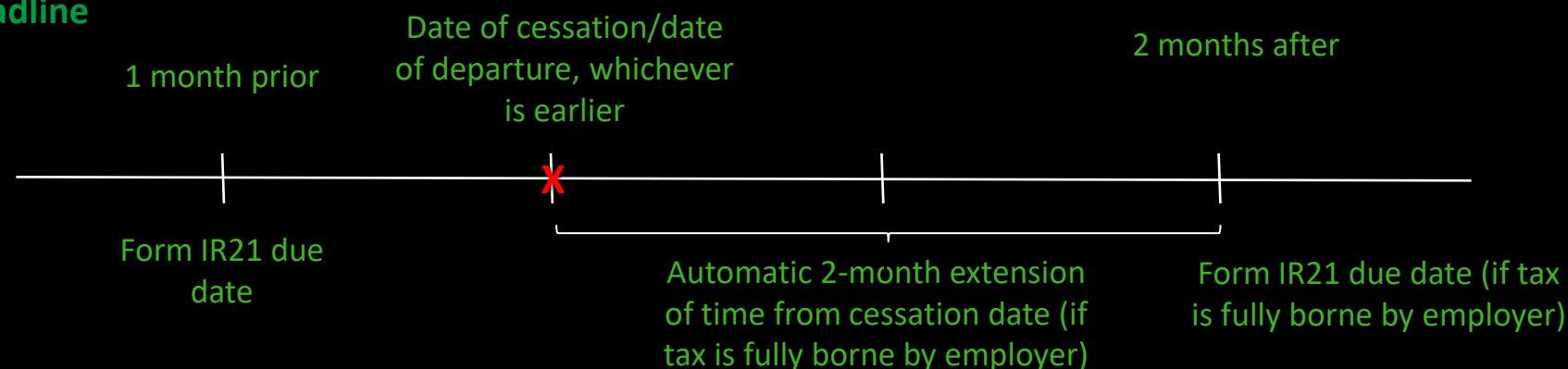
(if you are **not** authorised for Deloitte tax return services)

Date	Event
By 1 March	Your employer is required to electronically transmit your remuneration details to the IRAS under the Auto-Inclusion Scheme (AIS) for the preceding calendar year
2 March to 15 April (paper filing)	<u>Paper filing</u> <ul style="list-style-type: none"><li>You are required to complete the physical form and submit the same to the IRAS.</li></ul>
2 March to 18 April (e-filing)	<u>E-filing (this is the default for most taxpayers in Singapore)</u> <ul style="list-style-type: none"><li>Log in to myTax Portal using SingPass to review the remuneration details transmitted by your employer.</li><li>Ensure that all applicable personal reliefs and tax deductions are included and proceed to e-file your tax return.</li></ul>
15 April (Paper filing) / 18 April (e-filing)	<ul style="list-style-type: none"><li>Original filing due date for Singapore individual tax return</li><li>Late filing penalty may be imposed if the tax return is not filed by the deadline</li></ul>
Generally within 1 to 2 months from the filing of tax return	<ul style="list-style-type: none"><li>The Notice of Assessment (NOA), i.e., tax bill, will be issued based on IRAS' internal assessing schedule.</li><li>Tax payable is due within 1 month from the date of issuance of the NOA, unless the GIRO instalment arrangement has been applied. Penalties and recovery actions will be imposed for late payment.</li></ul>

# Tax Clearance Return (Form IR21) Filing Requirement (Applicable to non-Singapore citizen employees only)

## Employer's reporting obligation for Form IR21

### Deadline



- Where tax is partially borne by the employer, a request for an extension of time to file the Form IR21 can be made by submitting the employee's Estimated Chargeable Income (ECI) to the IRAS.
- The extension of time is subject to IRAS' agreement and the estimated tax assessed will have to be settled with the IRAS.

### Withholding Requirement

- Employer is required to withhold all monies due and payable to the employee until the expiry of 30 days after the receipt by the IRAS of a timely filed Form IR21 or tax clearance notice given by the IRAS.

# Tax Clearance Return (Form IR21) Filing Requirement

## Tax Directive and Tax Payment

### Notice of Assessment (NOA) i.e. tax bill & Directive to Pay Tax

- Generally within 1 to 2 weeks after the submission of the Form IR21, the IRAS will issue a Directive to Pay Tax to your employer and an NOA will be available on the IRAS' myTax Portal.
- Existing GIRO instalment plan (if any) will be cancelled once the Form IR21 is submitted

### • Payment of Taxes

- Immediate settlement
  - Company will be responsible to settle the payment directly to the IRAS using monies withheld from your payroll
  - If monies withheld > outstanding taxes: Your employer will release the balance of monies to you
  - If monies withheld < outstanding taxes: You are required to settle the balance with the IRAS directly
- Important to manage your cash flow in the departure year
  - (1) GIRO instalment plan will be cancelled
  - (2) Monies will be withheld from payroll
  - (3) Tax on deemed exercise gains of unexercised/unvested equity awards

# Tax Clearance Return (Form IR21) Filing Requirement

## Post-Cessation & Other Matters

### Post-Cessation Employment Income

- An additional Form IR21 must be filed with the IRAS to report the post-cessation income or benefits relating to the Singapore employment period

### Other Matters

- Update the IRAS on the change of correspondence address
- Register for SingPass Foreign-user Account (SFA) so that you can continue to access to e-services on the IRAS' myTaxPortal



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