

**ESSENTIAL INFORMATION
FOR NEWLY INCORPORATED COMPANIES**



INLAND REVENUE
AUTHORITY
OF SINGAPORE

ABOUT THIS GUIDE

This Guide has been prepared to provide a summary of basic information on corporate income tax for new and small companies.

This Guide is intended as a general guide only. Its application to specific situations will depend on the particular circumstances involved.

Unless otherwise indicated, the tax rates and rules in effect up to Year of Assessment (YA) 2009 have been used. All financial information is expressed in Singapore dollars.

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OVERVIEW OF CORPORATE INCOME TAX FILING

DO YOU NEED TO FILE?

Every company or branch (hereinafter referred to as company) incorporated or registered in Singapore must file an annual return of income.

The annual return of income comprises the filing of the company's Estimated Chargeable Income (ECI) and income tax return (Form C) every year.

ESTIMATED CHARGEABLE INCOME (ECI)

When do you file your ECI?

A company has to file an estimate of its chargeable income within 3 months from its financial year-end.

EXAMPLE

Company A's financial year-end is 31 March 2009.

Company A has to file its ECI for Year of Assessment 2010 (in respect of the financial year ending 31 March 2009) by 30 June 2009.

If the ECI is 0 or the company is in a tax loss position, you still have to file a "nil" ECI.

How do you file your ECI?

You can e-File your ECI at *myTax Portal* (see '[e-Services](#)' in this Guide). e-Filing is highly recommended as it acknowledges the receipt of your ECI instantly and you do not have to worry whether the ECI form reaches IRAS.

If you must paper file, you may obtain the ECI form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Estimated Chargeable Income (ECI) Forms>.

Paying your estimated taxes

You can pay your estimated taxes by instalments if you file your ECI within the qualifying period (see 'TIP' below).

If you are previously paying your estimated taxes by instalments, the instalment plan will be issued to you automatically together with the Notice of Assessment (see '[Notice of Assessment \(NOA\)](#)' in this Guide).

Otherwise, you can request to pay your tax on current year ECI by instalments in the following ways:

- Request in writing, either by fax to 6351 4363 (Attention: Revenue Accounting Branch) or e-mail to ctpayment@iras.gov.sg
- Call IRAS Corporate Tax Helpline at 1800 356 8622
- Use ECI Form IRIN 322 to file your ECI

The number of instalments will depend on the date and mode (e-Filing or paper-filing) in which you file your ECI while the start date of your instalment plan will depend on the date you request for the instalment plan.

TIP

Enjoy a longer instalment plan when you e-File!

The number of instalments is determined as follows:

ECI Filed within	e-Filers*	Paper-Filers**
1 month from financial year-end	10	5
2 months from financial year-end	8	4
3 months from financial year-end	6	3
After 3 months from financial year-end	No instalments allowed	

* E-filed by 26th of the month
** Forms received by IRAS by 24th of the month

OVERVIEW OF CORPORATE INCOME TAX FILING

What if you file your ECI late or do not file your ECI?

IRAS may estimate your chargeable income and send you a Notice of Assessment (see '[Notice of Assessment \(NOA\)](#)' in this Guide).

If you do not agree with IRAS' estimated assessment, you have to object in writing within **30 days** from the date of the Notice of Assessment, stating precisely the grounds of your objection. Please note that even if the company objects to the assessment, tax must be paid within one month from the date of the Notice.

INCOME TAX RETURN (FORM C)

What is a Form C?

It is a statutory form for a company to declare its income.

When will you receive your Form C?

The Form C is issued to your registered office by April of each year.

If you do not receive a Form C by 30 April, you can obtain a copy in the following ways:

Newly incorporated companies

- Obtain the request form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Request for Form C for Newly Incorporated Companies...> and fax the completed form to 6351 4360

All other companies

- Obtain the Form C and Document Identification Number (DIN) from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Form C>; or
- Phone IRAS Corporate Tax Helpline (1800 356 8622)

When do you file your Form C?

You have to file your Form C together with a complete set of supporting documents by the following dates:

YA	Filing Deadline
2009 and thereafter	30 November

What are the documents to be submitted with the Form C?

- Audited/ Unaudited accounts;
- Tax computation and supporting schedules showing how the chargeable income is arrived at; and
- Relevant appendices to Form C.

From YA 2008 onwards, the type of accounts to be filed depends on how the financial statements have been filed with ACRA:

Types of accounts filed with ACRA	Type of accounts to be submitted to IRAS
Full set in XBRL format	A detailed profit and loss account
Partial set in XBRL format or not in XBRL format	Full set of accounts including a detailed profit and loss account

For more information on XBRL, visit ACRA's website (<http://www.acra.gov.sg>).



MORE INFORMATION >>>

See IRAS Circular 'Review of Companies' Income Tax Filing Requirement in view of Audit Exemption under the Companies Act' (first published on 6 August 2003).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

OVERVIEW OF CORPORATE INCOME TAX FILING

Who can sign on the Form C?

Any person authorised by the company can sign the Form C. However, the manager or principal officer of the company is still responsible for the company's tax affairs.

What if you file your Form C late, do not file your Form C or file an incorrect Form C?

Penalties will be imposed.

TIP All official documents may be sent postage-free to IRAS in envelopes marked "Income Tax".

NEWLY INCORPORATED COMPANIES

Form C will be issued to new companies in the **second year** following the year of incorporation.

However, if the company closes its first set of accounts in the year of incorporation and has commenced business during the year, you have to request for a Form C from IRAS by 30 April of the year of assessment.

EXAMPLE		
Year of Incorporation	2008	2008
First accounting period ends on	Any date in year 2008	Any date in year 2009
First Form C	Year of Assessment 2009	Year of Assessment 2010
How to obtain Form C?	Request for Form C from IRAS by 30 April 2009 if company has commenced business during the year 2008	Form C will automatically be issued to company by April 2010

How to request for Form C in the first year following the year of incorporation?

If you require the Form C in the first year following the year of incorporation, obtain the request form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Request for Form C for Newly Incorporated Companies...> and fax the completed form to 6351 4360. Alternatively, you may phone IRAS Corporate Tax Helpline (1800 356 8622) to request for Form C.

DORMANT COMPANIES

A dormant company is one that does not carry on business and has no income for the whole of the preceding year.

A dormant company may apply for a waiver to file its Form C.

Once the application is approved, the company will not be issued Form C in future. The waiver also covers the filing of Estimated Chargeable Income (ECI).

IRAS will write to the director who made the application on the outcome of the application. The processing time is usually less than a month. You can phone IRAS Corporate Tax Helpline (1800-356 8622) to check on the status of your application.

How to apply for the waiver?

You have to obtain the application form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Application for Waiver to Submit Income Tax Return (Form C) by a Dormant Company> and fax the completed form to 6351 4360.

Which is the first year of assessment (YA)?

This refers to the YA relating to the basis period during which the company is incorporated and does not exceed 12 months.

EXAMPLE

Company A is incorporated in Singapore on 15 April 2007. The financial year-end of the company is 30 June. Company A's first set of accounts* is prepared for the period from 15 April 2007 to 30 June 2008.

Company A's first 3 years of assessment are as follows:

YA	2008 (1 st YA)	2009 (2 nd YA)	2010 (3 rd YA)
Financial Period/ Year	15.4.2007 - 30.6.2007	1.7.2007 - 30.6.2008	1.7.2008 - 30.6.2009

* The first set of accounts covered a period of more than 12 months (15 April 2007 to 30 June 2008). As the basis period for the first YA cannot be more than 12 months, it is necessary to apportion the income for YA 2008 and YA 2009. As such, the first YA will be YA 2008 instead of YA 2009.

* The apportionment of income can be based on the number of days for the period from 15 April 2007 to 30 June 2007 (YA 2008) and the period from 1 July 2007 to 30 June 2008 (YA 2009).



MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Businesses - For companies> <Guide for New Companies> <Tax Exemption Schemes for New Start-Up Companies> to see more illustrations.



If you qualify for the tax exemption for new start-up companies, simply declare that the company meets the qualifying conditions in the boxes provided when completing your Estimated Chargeable Income form and Form C. IRAS will calculate the exempt amount applicable on your company's chargeable income.

NOTICE OF ASSESSMENT (NOA)

What is a NOA?

It is a statement showing the company's income assessed and the amount of tax payable or repayable.

When will the NOA be issued?

After you have filed your Estimated Chargeable Income and Form C (see '[Overview of Corporate Income Tax Filing](#)' in this Guide), IRAS will review the return and issue a NOA.

The NOA can only be sent to your registered office (see '[Change of Company's Particulars](#)' in this Guide).

How to check on assessment status?

You can check whether your company's assessment has been finalised by using the 'View Return Status' function in *myTax Portal*. You would be able to view the assessment status for the current and 3 previous years (see '[e-Services](#)' in this Guide).

Alternatively, you can phone IRAS Corporate Tax Integrated Phone Service (1800-356 8622). This is a 24-hour toll-free automated telephone answering service. Simply dial 1800 356 8622 and follow the instructions on the phone to access the service. A copy of the phone user guide is available at IRAS website (<http://www.iras.gov.sg>) under <Contact Info> <Call Us> <Businesses> <Corporate Tax Integrated Phone Service> <Quick Reference Guides>.

What should you do if you do not agree with the assessment?

You have to file a written objection within **30 days** from the date of the NOA, stating clearly the reasons for objecting.

Otherwise, the assessment becomes final.

Regardless of whether you are filing an objection, you have to pay the tax assessed within 1 month from the date of the NOA.

Penalties will be imposed if the tax is not paid by the due date.

How to make payment?

- Cheque by post*
- GIRO deduction
- Cash, Nets or cheque* made payable to Comptroller of Income Tax at any SingPost counter (with original payment voucher) during its business hours
- Self service kiosks
 - SAM
 - AXS Station
- Internet banking services
- Other e-banking services
 - Telegraphic/ Fund Transfer
 - eNETS Credit Card

* IRAS does not accept post-dated cheques. For cheque by post, no receipt will be issued.



MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Businesses - For Companies> <After Getting Notice of Assessment (NOA) - How to Pay>.

RECORD-KEEPING

The company has to retain proper records of its financial transactions for a period of 7 years from the relevant year of assessment.

Any invoices, vouchers and other documents supporting the accounts must also be kept for 7 years.

The retention period has been reduced from 7 years to 5 years for Year of Assessment (YA) 2008 and each subsequent YA.

EXAMPLE			
<u>Companies with December financial year-end</u>			
YA	Records for Period	To Retain up to	Remarks
2003	1 January 2002 to 31 December 2002	31 December 2009	7 years
2008	1 January 2007 to 31 December 2007	31 December 2012	5 years
<u>Companies with non-December financial year-end, e.g. 30 June financial year-end</u>			
YA	Records for Period	To Retain up to	Remarks
2003	1 July 2001 to 30 June 2002	31 December 2009	7 years
2008	1 July 2006 to 30 June 2007	31 December 2012	5 years

MORE INFORMATION >>>

See the following IRAS Circulars:

- 'Taxpayer Audit' (first published on 15 December 2003)
- 'Keeping Records of Business Transactions in Microforms' (first published on 5 January 2005)
- 'Basic Record Keeping Guide for Small Business' (first published on 27 March 2008)

You can obtain the above circulars from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

CHANGE OF COMPANY'S PARTICULARS

REGISTERED OFFICE AND COMPANY NAME

If your company has changed its registered office address, name or other particulars, the changes are to be lodged with the Accounting & Corporate Regulatory Authority (ACRA) online via www.bizfile.gov.sg.

IRAS will automatically update the changes based on the information lodged with ACRA on a monthly basis. Hence, you do not need to inform us of the change of company particulars unless you want us to update the changes on an urgent basis. If you want us to update the new particulars, you must submit the following supporting documents:

Particulars that have been changed	Supporting document to be submitted
Name	A copy of ACRA's email notification of change of name of your company or copy of Biz Profile extracted from ACRA
Address	A copy of Bizfile - change of situation of registered office or copy of Biz Profile extracted from ACRA

You can send the supporting document by post or by fax to 6351 4360.

All income tax Forms and Notices can only be sent to the registered address of the company. If you want us to send the Forms and Notices to another correspondence address other than your registered address, you have to update your company's correspondence address as the registered office address with ACRA. We will only update your address based on the information filed with ACRA.

FINANCIAL YEAR-END

You can obtain the change of particulars form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Request for Form C for Newly Incorporated Companies...> and fax the completed form to 6351 4360.

A faxed copy of this form can also be obtained by using the self-help options at Corporate Tax Integrated Phone Service 1800 356 8622.

Please note that you are also required to lodge a Notification of Change in Financial Year with ACRA via www.bizfile.gov.sg

REQUEST FOR DOCUMENTS

NOTICE OF ASSESSMENT (NOA), ACCOUNTS AND TAX COMPUTATION

How do you request for duplicate documents?

You may fax your request to 6351 4360 or e-mail your request to ctmail@iras.gov.sg.

In your request, state the specific documents, the reason(s) for requesting and your name and your contact number.

Do I have to pay for the duplicate documents?

Yes, an administrative charge would apply as follows:

Year of Assessment which the Document Relates to	Search Fee	Fees per Page
More than 6 years before the current year	\$30.00 per search of each document	\$0.30 per page
6 years or less before the current year	\$12.00 per search	\$0.30 per page

You need not enclose any payment at the time of your request. Our officer will advise you of the relevant charges after reviewing your request and checking the availability of the requisite documents.

FORM C

You cannot request for copies of Form C filed, as it is a statutory form.

CERTIFICATE OF RESIDENCE (COR)

What is a COR?

A COR is a letter certifying that the company is a tax resident in Singapore for the purpose of claiming benefit under the Double Taxation Agreement.

A company is resident in Singapore if the control and management of its business is exercised in Singapore.


Therefore, COR will not be issued to the following companies:

- A nominee company as it is not the beneficial owner of the income derived from the treaty country;
- A Singapore branch of a foreign company since the control and management is usually vested with an overseas parent company.

How to apply?

You can either:

- Apply online at *myTax Portal* (see '[e-Services](#)' in this Guide); or
- Obtain the application form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Application for Certificate of Resident (for Tax Residents Only)> and fax the completed form to 6351 4360.

 **TIP**

The fastest way to obtain a COR is to apply for it online at *myTax Portal*. You can expect to receive the COR by post within 3 working days if your application satisfies all the requirements. Otherwise, the COR will be sent to our officer for review and you should receive the COR within 7 working days.

If you submit a paper application, the processing time is about 14 working days from the date of receipt.

Monitor your business requirements and apply for your COR on a timely basis.

How many COR can you request?

Only one COR will be issued for each income type per country per year of assessment.

If you require more than one copy of the COR, you can make copies of the COR and have them certified as true copies at any law firm. If there is a requirement by a foreign company that copies must be notarized, you may wish to approach a Notary Public.

MORE INFORMATION >>>

See IRAS Circular 'Request for Certificate of Residence' (first published on 30 May 1998).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

E-SERVICES

myTax Portal

myTax Portal is an Internet Portal that is organised around your needs, to perform your tax-related transactions with IRAS. This is to allow taxpayers to interact with IRAS with greater ease and convenience as part of our efforts to partner taxpayers in nation building.

With *myTax Portal*, you can access transactional, enquiry and account management e-services for your company's tax matters.

How do you log in to myTax Portal?

Before you begin exploring the myriad of e-services available in *myTax Portal*, you must first be authorised by your company via e-Services Authorisation System (EASY).

EASY is an online business authorisation system that allows companies to authorise staff or third party organisations (e.g. tax agents) to access government e-Services on their behalf.

To log in to EASY, you will need both the organisation's Access Code and your personal SingPass or IRAS PIN. Upon due authorisation, you can access government e-services using your SingPass or IRAS PIN.



MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Services> <EASY> to learn more about EASY and how to access and use EASY.

What are the e-Services available?

- Apply for Certificate of Residence
- Apply for waiver of Income Tax Return (Form C) submission by a dormant company
- File ECI
- File Form C
- Object/ Revise Assessment
- View Account Summary/ Payments
- View Corporate Profile
- View Correspondence/ Notices
- View DIN & Date of Extension of Form C
- View Return Status



MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Services> <Businesses> <Companies> to learn more about the various e-Services and how to access and use the various e-services.

CORPORATE TAX INTEGRATED PHONE SERVICE

This is a 24-hour toll-free automated telephone answering service. Simply dial 1800 356 8622 for the IRAS Corporate Tax Helpline and follow the instructions on the phone to access the service. You may obtain the phone user guide from IRAS website (<http://www.iras.gov.sg>) under <Contact Info> <Call Us> <Businesses> <Corporate Tax Integrated Phone Service> <Quick Reference Guides>.

Services available include checking return and assessment status, payment matters and requesting faxed forms.

This service is available to local companies with Unique Entity Number (UEN) (i.e. company registration number issued by the Accounting and Corporate Regulatory Authority) and tax agents. The company's tax reference number (i.e. UEN) is required when using the phone service.

WITHHOLDING TAX

What is withholding tax?

A non-resident is liable to pay income tax on Singapore sourced income. Under the law, when a person makes payment of a specified nature to a non-resident, he has to withhold a percentage of that payment and pay the amount withheld to IRAS. The amount withheld is called the withholding tax.



MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Businesses – Withholding tax> to learn more about the following:

- Non-resident companies
 - For what payments do I withhold tax?
 - What payments are exempt from withholding tax?
 - Withholding tax rates
- File withholding tax
- When to file and pay
- How to pay
- Penalties for paying late or not paying
- Tax forms

HOW TO PREPARE A TAX COMPUTATION

A tax computation shows the adjustments made to the accounting net profit/ loss before taxation, to arrive at the income that is chargeable to tax.

The tax computation must be submitted with the Form C (see '[Overview of Corporate Income Tax Filing](#)' in this Guide).

Guidelines for preparing a tax computation for a normal trading company:

1. Start from the net profit/ loss before taxation as per accounts.
2. Deduct income which is not taxable (see '[Income](#)' in this Guide).
3. Deduct income (e.g. interest, dividend and rental) which is to be assessed as a non-trade income.
4. Add expenses which are not tax deductible (see '[Business Expenses](#)' in this Guide).
5. Add direct expenses applicable to non-trade income.
6. You will now arrive at the adjusted profit/ loss figure.
7. Deduct unutilised capital allowance brought forward (see '[Unutilised Capital Allowance \(UCA\) and Trade Losses \(UL\)/ Donations \(UD\)](#)' in this Guide) and current year capital allowance (see '[Capital Allowance](#)' in this Guide).
8. Deduct unutilised losses brought forward (see '[Unutilised Capital Allowance \(UCA\) and Trade Losses \(UL\)/ Donations \(UD\)](#)' in this Guide).
8. Add net non-trade income (after deducting allowable direct expenses) to arrive at the assessable income (see '[Income](#)' in this Guide).
9. Deduct approved donations (see '[Business Expenses](#)' in this Guide).
10. Transfer loss items under Group Relief System.
11. Current year capital allowance/ losses carried back (see '[Carry-Back Relief System](#)' in this Guide).
12. Claim loss items under Group Relief System.
13. You will now arrive at the chargeable income.



You can use the Basic Tax Calculator on IRAS website (<http://www.iras.gov.sg>) to prepare the tax computation for a trading company. Go to <Businesses – For Companies> <Preparing Tax Computation - What is a Tax Computation?> <Basic Tax Calculator>



MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Businesses - For Companies> <Preparing Tax Computation - What can be Deducted? - Group Relief> to learn more about the Group Relief System.

INCOME

TAXABLE INCOME

A company is liable to tax on income accruing in or derived from Singapore or received in Singapore from outside Singapore in respect of:

- Gains or profits from any trade or business
- Income from investment such as dividends, interest and rental
- Royalties, premiums and any other profits from property
- Other gains of an income nature

When income is taxed?

A company's income will be taxed in the year following the year in which the income was accrued or derived from Singapore or received in Singapore from outside Singapore.

EXAMPLE

Basis Period	Trade Income	Non-Trade Income (other than Singapore Franked Dividends)	Singapore Franked Dividends
Before Year of Assessment 2005	Accounting year	Calendar year	Calendar year
For Years of Assessment 2005 to 2008	Accounting year	Either calendar year basis or accounting year basis	Calendar year
With Effect From Year of Assessment 2009	Accounting year	Accounting year	Not applicable

MORE INFORMATION >>>

See IRAS Circular 'Simplification of Income Tax Rules and Procedures - Assessment of Non-Trade Income and Deduction of Approved Donations on an Accounting Year Basis' (first published on 21 July 2004).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

CAPITAL GAIN

There is no capital gains tax in Singapore. Whether a receipt is capital in nature is a question of facts.

EXEMPT INCOME

Certain income derived by companies enjoying tax incentives is exempt from tax.

Income may also be exempted from tax under the provisions of the Singapore Income Tax Act. Examples are:

- Exempt shipping income derived by a shipping company
- Foreign sourced dividends, branch profits and service income received by a resident company that satisfies the qualifying conditions
 - **ALL** foreign sourced income earned or accrued outside Singapore on or before 21 January 2009 will be exempted from tax, if the company remit the foreign-sourced income to Singapore during 22 Jan 2009 to 21 Jan 2010 (both dates inclusive).

MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Businesses - For companies> <If You Receive Foreign Income> <Exemption of Foreign Sourced Income> to learn more about the exemption scheme for foreign sourced income.

Also see IRAS Circular 'Tax Exemption for Foreign-sourced Dividends, Foreign Branch Profits and Foreign-sourced Service Income' (first published on 21 May 2003) and IRAS e-Tax Guide 'Temporary Liberalisation of Income Tax Exemption for Foreign-Sourced Income Received in Singapore From 22 Jan 2009 to 21 Jan 2010' (first published 20 February 2009)

You can obtain the circular and e-Tax guide from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

DATE OF COMMENCEMENT OF BUSINESS

CONCESSION FOR ENTERPRISE DEVELOPMENT

All expenses incurred between the date of incorporation and the date when a company commences revenue-producing activities (“pre-commencement expenses”), are not allowable for income tax purposes.

To relieve companies of the costs that they have to incur when starting out, an administrative concession was introduced from Year of Assessment 2004.

Under the concession, a company is regarded to have commenced operation on the first day of the accounting year in which it earns its first dollar of business receipt.

The concession does not extend to the following:

- Companies to which the provisions of Section 10E of the Income Tax Act apply;
- Expenses incurred to earn non-trade/ passive sourced income.

How do I apply for the concession?

The concession is granted automatically, i.e. you need not elect for the concession.

EXAMPLE

Company A is incorporated on 6 May 2006 and closes its accounts on 31 December 2006. For the period from 6 May 2006 to 31 December 2006 (Year of Assessment 2007), Company A has no income. For the financial year ending 31 December 2007 (Year of Assessment 2008), Company A derived only \$2,000 interest income. For the financial year ending 31 December 2008 (Year of Assessment 2009), Company A has sales income of \$12,000 and interest income of \$1,500. Company A made its first sale on 1 November 2008.

Year of Assessment	Concession Applicable?
2007	No
2008	No
2009	Yes

Under the concession, Company A can deduct revenue expenses incurred for the period from 1 January 2008 to 31 October 2008, even though the first sale took place on 1 November 2008.

MORE INFORMATION >>>

See IRAS Circular ‘Concession for Enterprise Development – Tax Deduction Allowable for Certain Expenses Incurred Prior to Commencement of Business’ (first published on 14 March 2003).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

DETERMINING THE DATE OF COMMENCEMENT OF BUSINESS

The Concession for Enterprise Development does not preclude a business from substantiating that it has commenced operation earlier than the accounting year in which it earns its first dollar of business receipt.

Generally, a business may be regarded as having commenced operation when it opens its doors to receive its first customer. All expenses incurred from the actual date of commencement of business that are not capital in nature or are not denied deduction under Section 15 of the Singapore Income Tax Act, will qualify for tax deduction.

MORE INFORMATION >>>

See IRAS Circular ‘Determination of the Date of Commencement of Business’ (first published on 12 December 2008).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

BUSINESS EXPENSES

ALLOWABLE DEDUCTIONS

Deductions are allowed for expenses that are incurred wholly and exclusively in producing the company's taxable income during the financial period. Generally, an expense is deductible if it satisfies all the following conditions:

- A proper commercial deduction (i.e. not private or domestic);
- Revenue in nature (i.e. everyday working or operating expenses);
- Not a contingent liability (i.e. not estimated); and
- Not prohibited under the Income Tax Act.

MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Businesses - For Companies> <Preparing Tax Computation - What can be Deducted? - Business Expenses> to learn more about the following:

- Examples of deductible expenses
- Examples of non-deductible expenses

COMMON EXPENSES

Depreciation

You cannot claim deduction for the cost of purchase of assets or depreciation of such assets. However, you may claim a deduction known as capital allowance on qualifying assets acquired for use in your trade ([see 'Capital Allowance' in this Guide](#)).

Motor vehicle expenses

Types of Car [Description on Vehicle Log Card]	Tax Treatment
Private car [passenger (private)]	No deduction
Company car [passenger (private)] • registered before 1 April 1998 • registered on or after 1 April 1998	Restricted deduction (subject to \$35,000 capping) No deduction
Rental car hired for use [private hire]	Expenses incurred on or after 1 April 1998 No deduction
Rental car of car rental companies [private hire]	From YA 2000 Full deduction regardless of period of hire, but income generated from car rental activities is quarantined
Tuition car [for instruction (company)]	Full deduction. From YA 2000 , the income generated for car tutoring business is quarantined
Foreign car • bought by company • rented foreign cars	Restricted deduction (subject to \$35,000 capping) Full deduction

MORE INFORMATION >>>

See IRAS Circular 'Changes in Tax Treatment of Motor Cars Consequent to Vehicle Tax Rationalisation' (first published on 1 June 1999).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

BUSINESS EXPENSES

Medical expenses

Medical expenses include:

- Expenses incurred on maternity health care, natal care, and preventive and therapeutic treatment;
- Expenses incurred in the provision of a medical clinic by the employer;
- Cash allowance in lieu of medical expenses;
- Expenses incurred in the provision of insurance against the cost of medical treatment; and
- Contributions to employees' CPF Medisave accounts, subject to a maximum deduction of \$1,500 for that year for each employee, excluding those with a professional visit pass, an employment pass or a work permit.

The amount of total remuneration includes employees' salaries, allowances, bonuses, directors' remuneration, and CPF contributions deductible under the Act etc. It however excludes directors' fees, medical expenses, cash allowances in lieu of medical expenses and benefits-in-kind.

For financial year beginning on 31 March 2004 or before

The deduction of medical expenses is capped at 2% of the total remuneration accrued for the year. Medical expenses in excess of 2% of total remuneration are not deductible.

For financial year beginning on or after 1 April 2004

The cap is reduced to 1% if you do not implement the Portable Medical Benefits Scheme (PMBS) or Transferable Medical Insurance Scheme (TMIS).

With effect from Year of Assessment (YA) 2008

For companies who did not implement the Portable Medical Benefits Scheme (PMBS) or Transferable Medical Insurance Scheme (TMIS) but satisfy the following conditions will have tax deduction of medical expenses capped at 2% of the total remuneration:

- Has provided its employees with inpatient medical insurance benefits in the form of portable medical shield plans (excluding riders that cover deductibles and co-payments) either
 - by paying the insurance premiums on behalf of the employees to the insurance companies directly or
 - by reimbursing the employees' Medisave Accounts, the premiums paid by the employees

OR

- Has made ad-hoc contributions to your employees' CPF Medisave accounts (subject to a cap of \$1,500 per employee per year) during the relevant basis period.



MORE INFORMATION >>>

You can obtain details of the PMBS or TMIS scheme from the Ministry of Manpower's website (<http://www.mom.gov.sg>).

Interest expenses

You have to make interest adjustments in your tax computation if the company has interest expenses applicable to non-income producing assets. Such expenses relating to non-income producing assets are not deductible for income tax purposes.

Non-income producing assets are those which have not produced income. Examples are:

- Vacant properties
- Shares which have not yielded dividends
- Non-trade debtors (interest-free)
- Interest-free amount owing by related companies/ shareholders etc.

Interest adjustments are normally computed using the total asset method. This method works on the principle that total funds are used to purchase total assets. The formula is:

$$A/B \times \text{interest expenses} = \text{disallowable interest expenses}$$

where:

A = cost of non-income producing assets

B = cost of total assets (i.e. before provisions or valuation adjustments)

BUSINESS EXPENSES

Home office expenses

If you carry on business from your home, you may incur expenses for dual purposes (i.e. business and private), e.g. rental. IRAS will consider allowing your claim for qualifying business costs if you have a reasonable basis for apportioning the expenses between business and private costs.

Donations

The following types of donations would qualify you for a double tax deduction if they satisfy the qualifying conditions:

- Cash
- Shares
- Computer
- Artefact
- Public Sculpture
- Land and Building

However, if naming opportunities are granted for any of the above from 1 January 2002 to 31 December 2004, then only a single tax deduction is allowed.

MORE INFORMATION >>>

Visit IRAS website (<http://www.iras.gov.sg>) under <Other Taxes - Charities/ IPCs> to learn more about the qualifying conditions.

Donations for facilities, events, programmes

With effect from 1 January 2005, double tax deduction will be allowed for:

- Donations to name Institutions of Public Character (IPC), Institution of Public Character facilities, events or programmes
- Donations to name facilities of approved beneficiaries (including artefacts and public sculptures) under any of the other approved donation programmes
- Donations under any of the approved donation programme where the Institution of Public Character (IPC) or approved beneficiary acknowledges the donation by including the donor's name or logo in the Institution of Public Character's collaterals (e.g. banners, publications, advertisements)

Double tax deduction will not be granted in cases where the donor is essentially advertising at the facility, event or programme. For example, the donor should not be able to display its own banners, products or other collaterals at the facility, event or programme that it donated to. The "donation" in that case may instead be regarded as an advertising or marketing expense for tax purposes.

Donations for foreign charitable purpose

If the donations are for a foreign charitable purpose, they are not tax deductible even though they are made to an approved institution of a public character.

Donations with benefits

Only outright donations that do not provide a material benefit to the donor are tax-deductible. However, as a concession, certain donations made to IPCs on or after 1 May 2006 will be deemed to be pure donations despite the benefits given in return for the donations. To qualify for the concessionary tax treatment, donations with benefits given in return will be regarded as pure donations if the benefits are treated as having no commercial value. Benefits are treated as having no commercial value if:

- The benefit is given in acknowledgement of the donation; and
- The benefit has no resale value.

MORE INFORMATION >>>

See IRAS Circular 'Tax Treatment on Donations with Benefits' (first published on 1 May 2006).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

BUSINESS EXPENSES

How to claim?

All companies have to make donation claims in their income tax return with **supporting original donation receipts**, except in the case where it has given its Tax Reference Number to the donee IPCs. Where donations are tax-deductible, the donation receipts issued by approved institutions will indicate the words "Tax-Deductible". For naming donations from 1 January 2002 to 31 December 2004, the receipt will indicate "Naming Donation - Single Tax Deduction only".

When is tax deduction given?

Tax deduction is given for qualifying donations made in the preceding year.

With effect from Year of Assessment (YA) 2003, any unutilised donations can be carried forward to set-off against the income for the subsequent YA up to a maximum of 5 years if there is no substantial change in shareholders.

Increased deduction for donations made in the Year 2009

For approved donations made on or after 1 January 2002, you can claim for double deduction, that is, twice the amount donated. For donations made in the year 2009, you can claim **2.5 times** the amount donated.

MORE INFORMATION >>>

See IRAS Circular 'Simplification of Income Tax Rules and Procedures - Assessment of Non-Trade Income and Deduction of Approved Donations on an Accounting Year Basis' (first published on 21 July 2004).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.



Not all registered charities are IPCs. Donations made to a charity that is not an IPC is NOT income tax-deductible.

Renovation and Refurbishment (R&R) Expenses

Tax deduction would be allowed to companies in respect of qualifying capital expenditure on R&R works incurred during the period 16 February 2008 to 15 February 2013.

Deduction would be granted over a period of 3 consecutive years, on a straight line basis and subject to a cap of S\$150,000 for every relevant 3-year period.

The above is governed under Section 14Q of the Singapore Income Tax Act

R&R cost incurred during the basis periods for **YA 2010 and YA 2011** can be deducted in 1 year instead of over 3 years.

MORE INFORMATION >>>

See IRAS Circular 'Deduction for Expenditure Incurred on Renovation or Refurbishment Works' (first published on 18 June 2008).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

CAPITAL ALLOWANCE

WHAT IS CAPITAL ALLOWANCE?

You can claim a deduction known as capital allowance on qualifying assets acquired for use in your trade.

EXAMPLE	
Qualifying Assets	Non-Qualifying Assets*
Electrical and electronic equipment	General lightings
Plant and machinery	Doors
Furniture and fixtures	Windows
Office equipment	Partitions
Motor vehicles (Q-plate cars registered before 1 April 1998 and commercial vehicles)	False ceiling
Motorcycles and bicycles	S-plate cars

* For renovation expenditure incurred between 16 February 2008 and 15 February 2013, please refer to Section 14Q deduction for expenditure incurred on renovation or refurbishment works (R&R Expenses) (see '[Business Expenses](#)' in this Guide).

HOW TO COMPUTE CAPITAL ALLOWANCE (CA)?

Generally, there are 4 ways of computing CA. Companies may choose the method that is most beneficial to them, unless specifically prohibited by the tax acts.

- Claiming over 1 year
- Claiming over 3 year
- Claiming over the lifespan as prescribed under the Sixth Schedule of the Income Tax Act (obtain from AGC website at <http://www.agc.gov.sg> under <Statutes Online>)
- Claiming over 1 year for assets costing no more than \$1,000 each

Examples of claiming CA over 1 year

Assets such as computers and prescribed automation equipment qualify for capital allowance claim over 1 year as follows:

For Assets Acquired in Cash	For Assets Acquired under Hire Purchase
Annual allowance = 100% of the cost of asset	Annual allowance = 100% of the principal (plus deposit if applicable) paid during the year

MORE INFORMATION >>>

See Income Tax (Automation Equipment) Rules 2004.

You can obtain the subsidiary legislation from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Tax Acts> <Income Tax>.

TIP

You can claim capital allowance over one year for new diesel-driven goods vehicles and buses registered on or after 15 February 2007. See IRAS Circular 'Claim for 1-Year Write-Off for New Diesel-Driven Goods Vehicles and Buses Registered on or after 15 February 2007' (first published on 1 June 2007). You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

CAPITAL ALLOWANCE

Examples of claiming CA over 3 years

All assets qualify for 3-year CA claim except for Q-plate cars and vehicles with maximum laden weight below 3,000 kg.

For assets acquired in cash

Annual allowance (AA) for each year = 1/3 of the cost of asset

EXAMPLE

Company A acquired an office equipment in cash for \$3,000 in the year 2006.

	YA 2007	YA 2008	YA 2009
	\$	\$	\$
Cost/ Written Down Value Brought Forward	3,000	2,000	1,000
Less: AA	1,000	1,000	1,000
Written Down Value Carried Forward	2,000	1,000	0

For assets acquired under hire purchase

Annual allowance (AA) = principal (including deposit) paid during the year to be claimed equally over 3 consecutive years of assessment

EXAMPLE

Company A acquired an office equipment for \$3,000 in the year 2004 under hire purchase. The deposit was \$600 and the principal repayments for the instalments were \$600 in year 2004, \$1,200 in year 2005 and \$600 in year 2006.

Year	Deposit & Principal Repaid	AA				
		YA 2005	YA 2006	YA 2007	YA 2008	YA 2009
	\$	\$	\$	\$	\$	\$
2004	1,200	400	400	400	--	--
2005	1,200	--	400	400	400	--
2006	600	--	--	200	200	200
Total AA		400	800	1,000	600	200

Examples of claiming CA over lifespan as prescribed under the Sixth Schedule of the Income Tax Act

All assets that qualify for CA can use this method.

For assets acquired in cash

First year of assessment (i.e. year of assessment in which fixed asset was purchased):

CA = Initial Allowance (IA) + Annual Allowance (AA)

Subsequent years of assessment:

CA = AA

where:

IA = 20% of the cost of asset

AA = 80% of the cost of asset divided by the number of working years

Notes:

- IA can only be claimed in the first year of assessment. If not claimed, the 20% of the cost of asset will be allowed over the number of working years.
- CA need not be claimed in consecutive years of assessment.

CAPITAL ALLOWANCE

For assets acquired under hire purchase:

CA = Initial Allowance (IA) + Annual Allowance (AA)

where:

IA = 20% of the principal (including deposit) paid during the year

AA = 80% of the cost of asset divided by the number of working years

EXAMPLE

Company A makes up its accounts annually to 31 December, acquired a machine on the following hire purchase terms:

Cost of machine (cash price)	\$200,000
Deposit paid in January 2003	\$50,000
Hire purchase price	\$215,000
Term of payment	15 instalments starting from January 2003
Payment per instalment	\$11,000

Computation of principal repayment per instalment:

Amount of hire purchase interest	= \$215,000 - \$200,000	= \$15,000
Interest per instalment	= \$15,000 / 15	= \$1,000
Principal repayment per instalment	= \$11,000 - \$1,000	= \$10,000

	YA 2004	YA 2005
Period	January to December 2003	January to March 2004
Deposit	\$50,000	--
Principal repayments	\$120,000 [\$10,000 x 12]	\$30,000 [\$10,000 x 3]
Total principal repayments	\$170,000	\$30,000

Capital allowance schedule:

YA	Principal Repayments	Cost/ Written Down Value Brought Forward	IA	AA	Written Down Value Carried Forward
	\$	\$	\$	\$	\$
2004	170,000	200,000	34,000 [\$170,000 x 20%]	26,667 [(\$200,000 x 80%) / 6]	139,333
2005	30,000	139,333	6,000 [\$30,000 x 20%]	26,667	106,666
2006	--	106,666	--	26,667	79,999
2007	--	79,999	--	26,667	53,332
2008	--	53,332	--	26,667	26,665
2009	--	26,665	--	26,665	--

Examples of claiming CA over 1 year for assets costing no more than \$1,000 each

With effect from Year of Assessment 2005, assets that cost no more than \$1,000 each, qualify for 100% write off. This is subject to a cap of no more than \$30,000 in aggregate for each year of assessment.

MORE INFORMATION >>>

See IRAS Circular 'Simplification of Income Tax Rules and Procedures - 100% Capital Allowance for Items of Machinery or Plant Costing no more than \$1,000 each' (first published on 14 September 2004).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

CAPITAL ALLOWANCE

Enhancement of existing capital allowances regime

Accelerated write-down of capital allowance (CA) will be allowed on plant and machinery acquired in the basis periods for YA 2010 and YA 2011. Companies may claim the entire cost of newly acquired assets over 2 years.

CA is computed based on 75% of the capital expenditure for the first YA and 25% of the capital expenditure for the second YA.

HOW TO COMPUTE BALANCING ALLOWANCE OR CHARGE WHEN THE FIXED ASSET IS SOLD OR PERMANENTLY CEASED TO BE USED

When an asset that is subject to capital allowance claim is sold or scrapped, you have to compute balancing allowance (BA) or balancing charge (BC).

BA arises when the written down value is greater than the sales price. This BA is deductible against income.

BC arises when the written down value is less than the sales price. The BC is restricted to the actual CA previously granted in respect of the asset. The BC is taxable to the company.

EXAMPLE		
	\$	Remarks
Written Down Value of Asset	1,000	Cost of the asset less CA claimed
Less: Sales Price	4,000	
BC	3,000	If total AA allowed previously = \$2,000, BC will be restricted to \$2,000)

UNUTILISED CAPITAL ALLOWANCE (UCA) AND TRADE LOSSES (UL)/ DONATIONS (UD)

How to claim UCA and UL/ UD?

Companies are allowed to deduct UCA and UL/ UD incurred in one year against income in a subsequent year if:

	UCA	UL/ UD
Conditions	<ul style="list-style-type: none"> ▪ There is no substantial change in the ultimate shareholders and their shareholdings ("Shareholding Test"); and ▪ There is no change in the company's principal activities ("Business Continuity Test"). 	<ul style="list-style-type: none"> ▪ There is no substantial change in the ultimate shareholders and their shareholdings ("Shareholding Test"). <p>Note: For donations, it can only be carried forward for a maximum of 5 years.</p>

Shareholding test

The shareholding test is a test to determine whether there is a substantial change in a company's shareholdings at the relevant dates. The steps to do so are:

1. Identify the relevant dates (see below).
2. Identify the common shareholders and their shareholdings on both dates.
3. Add up the number of shares held by the common shareholders as at each relevant date.
4. Express the number of shares as computed in step 3 as a percentage over the total number of shares as at each relevant date.
5. If the percentage is 50% or more on both dates, there is no substantial change.

	UCA	UL/ UD
Relevant Dates	<ul style="list-style-type: none"> ▪ Last day of the year of assessment in which the capital allowances arose; and ▪ First day of the year of assessment in which the capital allowances are to be set off. 	<ul style="list-style-type: none"> ▪ Last day of the year in which the loss was incurred; and ▪ First day of the year of assessment in which the loss is to be set off.
Example	UCA and UL incurred for the financial year ended 31 October 2005, i.e. Year of Assessment 2006, are to be utilised in the Year of Assessment 2009, the relevant dates for comparing the shareholders are: <ul style="list-style-type: none"> ▪ 31.12.2006 and 1.1.2009 ▪ 31.12.2005 and 1.1.2009 	

Order of set-off for UCA and UL/ UD

UCA and UL/ UDL should be set off in the following order:

1. UCA (starting with the CA from the earliest year of assessment)
2. Current year capital allowance
3. UL (starting with the losses from the earliest year of assessment)
4. UD (starting with the donations from the earliest year of assessment, subject to a maximum of 5 years before the current year)
5. Current year donations

CARRY-BACK RELIEF SYSTEM

With effect from Year of Assessment 2006, companies are allowed to carry-back unutilised capital allowance (UCA) and trade losses (UL) incurred during the current year against income in the immediate preceding year of assessment subject to a maximum amount of \$100,000 if:

	UCA	UL
Conditions	<ul style="list-style-type: none"> ▪ There is no substantial change in the ultimate shareholders and their shareholdings ("Shareholding Test"); and ▪ There is no change in the company's principal activities. (Business Continuity Test). 	<ul style="list-style-type: none"> ▪ There is no substantial change in the ultimate shareholders and their shareholdings ("Shareholding Test")
Relevant Dates	<ul style="list-style-type: none"> ▪ First day of the year of assessment in which the capital allowances arose; and ▪ Last day of the year of assessment in which the capital allowances are to be set off. 	<ul style="list-style-type: none"> ▪ First day of the year in which the loss was incurred; and ▪ Last day of the year of assessment in which the loss is to be set off.
Example	UCA and UL incurred for the financial year ended 31 December 2007, i.e. Year of Assessment 2008, are to be carried back to the Year of Assessment 2007, the relevant dates for comparing the shareholders are: - <ul style="list-style-type: none"> ♦ 1.1.2008 and 31.12.2007 ♦ 1.1.2007 and 31.12.2007 	

* See '[Unutilised Capital Allowance \(UCA\) and Trade Losses \(UL\)/ Donations \(UD\)](#)' in this Guide

In addition to the above, the UCA and UL to be carried back is the lower of:

- Qualifying deductions of current year of assessment; and
- Assessable income of immediate preceding year of assessment.

EXAMPLE

	(1)	(2)
	\$	\$
UCA and UL of current year of assessment	72,000	120,000
Assessable income of immediate preceding year of assessment	60,000	150,000
Amount to carry-back	60,000	100,000
Excess to be carry-forward	12,000	20,000

How to elect for carry-back relief?

You have to make the election no later than the time of lodgement of Form C for the current year of assessment (YA). The election is irrevocable.

Election can be made as follows:

	How to Elect
At the time of filing Form C for the current YA	<ul style="list-style-type: none"> ▪ Indicate the election in the Form C and tax computation ▪ Submit the revised tax computation for the immediate preceding YA
Prior to the filing of Form C for the current YA	<ul style="list-style-type: none"> ▪ Submit the election form * ▪ Submit the revised tax computation for the immediate preceding YA, and the accounts and tax computation for the current YA **

* You can obtain the form from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - Forms> <Business & Employers> <Corporate Tax Forms - Election Form for Companies for Carry-Back of Capital Allowances and Trade Losses>

** If the finalised accounts and tax computations are not ready at the time of making the election, provisional accounts and tax computations may be submitted instead.

CARRY-BACK RELIEF SYSTEM

MORE INFORMATION >>>

See IRAS Circular 'Carry-Back Relief System' (first published on 10 June 2005).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

Enhanced Carry-Back Relief System

Unutilised trade losses and capital allowance for YA 2009 and YA2010 can be carried back to set off against Assessable Income of 3 immediately preceding YAs up to a limit of \$200,000.

Claim for CBR may be made based on estimated losses (i.e. when filing the Estimated Chargeable Income).

MORE INFORMATION >>>

See IRAS Circular 'Enhanced Carry-Back Relief System' (first published on 23 January 2009).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

RESEARCH & DEVELOPMENT INCENTIVES

To encourage companies to build up R&D capabilities in Singapore, the following 3 R&D incentives/measures were announced during the Budget 2008:

- Liberalised R&D tax deductions
- R&D Tax Allowance Scheme ('RDA')
- R&D Incentive for Start-up Enterprise ('RISE')

LIBERALISED R&D TAX DEDUCTIONS

Previously, tax deduction for R&D was allowed only if the expenditure relates to the company's trade.

Under the liberalised treatment, a company is able to claim deduction for qualifying expenditure incurred for undertaking R&D in any area

R&D TAX ALLOWANCE SCHEME ('RDA')

From YA 2009 to YA 2013, a company is able to earn tax allowance equal to 50% of its chargeable income up to \$300,000 in a YA, subject to conditions.

The tax allowance may be deducted from the company's assessable income in any subsequent YA up to YA 2016.

R&D INCENTIVE FOR START-UP ENTERPRISE ('RISE')

This scheme works as a grant for R&D intensive start-ups. It allows loss-making start-ups which expend at least \$150,000 in a year on qualifying R&D activities in Singapore to convert their adjusted tax losses into a cash grant at the rate of 9%.

The maximum cash grant allowable is \$20,250 (i.e. S\$150,000 x 150% x 9%).



MORE INFORMATION >>>

See IRAS Circular 'Research & Development Tax Measures' (first published on 31 October 2008).

You can obtain the circular from IRAS website (<http://www.iras.gov.sg>) under <Quick Links - e-Tax Guides> <Income Tax>.

CLOSING OF BUSINESS

COMPANIES APPLYING FOR STRIKE-OFF

Before the company applies for strike-off from the Accounting & Corporate Regulatory Authority (ACRA), the company has to inform IRAS of the company's intention to apply for strike-off in writing and ensure the following:

- All outstanding Forms C have been submitted;
- Accounts and tax computations have been submitted up to the date of cessation of business; and
- All outstanding tax issues and payments have been settled.

Otherwise, IRAS may object to the strike-off. Companies may have to re-apply for strike-off if the outstanding tax matters are not settled within a stipulated time period.

COMPANIES UNDERGOING LIQUIDATION

If the company is undergoing liquidation, the company has to inform IRAS in writing and provide a copy each of the Notice of Resolution to Liquidate the Company, and the Notice of Appointment and Situation of Office of Liquidator(s) filed with ACRA.

The liquidator must ensure that all accounts and tax computations up to the date of liquidation are submitted.

In the case of a voluntary liquidation, the company's liquidator has to file half-yearly statements of receipts and payments to IRAS from the date of liquidation.

If the company is undergoing compulsory liquidation, the official receiver has to submit a yearly statement of income and expenditure at the beginning of each year for each preceding year, from the date of liquidation.

COMPANIES CEASING REGISTRATION

Singapore branches of foreign companies are registered with ACRA. Such companies are required to cease registration with ACRA if its local branch has ceased business or its head office is in liquidation or has been dissolved. They must also inform IRAS in writing and submit accounts and tax computations up to the date of cessation of business.

GETTING MORE HELP

SEMINARS AND WORKSHOPS

IRAS and Tax Academy of Singapore conduct regular seminars and workshops on a range of topics for both companies and tax agents.

MORE INFORMATION >>>

Check websites for announcements:

- IRAS (<http://www.iras.gov.sg>)
- Tax Academy (<http://www.taxacademy.sg>)

MORE INFORMATION

Internet

<http://www.iras.gov.sg>

Phone and fax

- **Corporate Tax Integrated Phone Service (24-Hour Toll Free)**
Dial 1800 356 8622 and follow the instructions on the phone to access a range of services on company's corporate income tax matters. Services available include checking return and assessment status, payment matters and requesting for faxed forms. You will need the company's tax reference number (i.e. company registration number issued by the Accounting and Corporate Regulatory Authority) to use some of the services.
- **IRAS Corporate Tax Helpline**
Dial 1800 356 8622 and follow the instructions on the phone to speak with a tax officer. This Helpline is available from 8.00am to 5.00pm on Mondays to Fridays (exclude public holidays)

E-mail

ctmail@iras.gov.sg

OTHER TAX MATTERS

Visit IRAS website (<http://www.iras.gov.sg>) if you need any information on other tax matters, e.g. employer/employee tax matters, GST, property tax etc.

You can obtain the phone numbers and e-mail addresses under <Contact Info>.

USEFUL LINKS

Visit IRAS website (<http://www.iras.gov.sg>) for the links to the following websites:

- Singapore Government Websites
- International Tax Administrations
- International Tax Resources
- International Organisations (e.g. CATA, IMF, OECD, The World Bank)