

**Basic Format Of Tax Computation For An Investment Holding Company  
(To Be Used As A Guide Only)**

Tax Reference No.	:			
Name of Company	:			
Year of Assessment (Note 1)	:			
Basis Period (Note 1)	:			
<b>Statutory Expenses:</b>		<b>S\$</b>	<b>Investment Income:</b>	<b>S\$</b>
Audit fee	.....		Total dividends (Note 2)	.....
Secretarial fee	.....		Interest	.....
Accounting fee	.....		Rent	.....
Income tax service fee	.....		Other income (Note 3)	.....
Total statutory expenses	.....		Total income	..... [B]
Other allowable expenses (Note 5 & 7) (restricted to 5% of [B])	.....			
Total common expenses	.....	[A]		
			<b>S\$</b>	<b>S\$</b>
<b>Dividends</b>				<b>S\$</b>
Other Countries (Note 4)				..... [C]
Less: Direct expenses (Note 6 & 7)				.....
Share of common expenses [C/B x A] (Note 8)			.....	.....
<b>Interest</b>				.....
Less: Direct expenses				.....
Share of common expenses			.....	.....
<b>Rent</b>				.....
Less: Direct expenses:				
Interest expenses			.....	
Property tax			.....	
Insurance			.....	
Repair and maintenance			.....	
MCST management fees			.....	
Other expenses (please specify)			.....	
Share of common expenses			.....	.....
<b>Other income</b> (exclude foreign income not remitted)				.....
Less: Direct expenses				.....
Share of common expenses			.....	.....
Total net investment income				.....
Less: Approved donations (Note 9)				.....
Chargeable income before deducting exempt amount				.....
Less: Exempt amount (Note 10 & 11)				
First \$ 10,000 @ 75%			.....	
Next \$290,000 @ 50%			.....	.....
Chargeable income after deducting exempt amount				.....
Tax thereon @ 17%				.....
Less: Foreign tax credit (Note 12)				.....
				.....
Less: Tax deducted at source				.....
Net tax payable/(repayable)				.....

## EXPLANATORY NOTES

- ◆ Companies which have been incorporated with the object of holding investments and deriving investment income are advised to prepare the tax computation in the manner shown.

### 1. Year of Assessment and Basis Period

Income is assessed on a preceding year basis. The basis period for a Year of Assessment (YA) is the financial year ending in the year preceding that YA. The examples below illustrate the concept of YA and basis period:

a) If your financial year end is 31 Mar of each year, the basis period for YA 2012 is 1 Apr 2010 to 31 Mar 2011.

b) If your financial year end is 31 Dec of each year, the basis period for YA 2012 is 1 Jan 2011 to 31 Dec 2011.

### 2. Total Dividends

The amount to be entered is the total dividends, including Singapore exempt dividends, foreign dividends not remitted to Singapore and foreign dividends that qualify for tax exemption. For details on tax exemption for foreign-sourced dividends, please refer to our e-Tax Guide "Tax exemption for foreign-sourced income" dated 6 Sep 2011.

### 3. Other Income

These may include royalties and other foreign-sourced income not remitted to Singapore.

### 4. Dividends from Other Countries

Enter taxable amount only. Do not include foreign dividends not remitted to Singapore and foreign dividends that qualify for tax exemption.

### 5. Other Allowable Expenses

These include directors' fees, salaries, CPF, office rental, office water and light, general expenses, administrative expenses and fund management expenses.

### 6. Direct Expenses

These are expenses directly incurred to earn the income. Only amount(s) attributable to income-producing investments are allowed.

### 7. Supporting Schedules

Attach supporting schedules showing your basis of arriving at the other allowable expenses (Note 5) and direct expenses (Note 6).

### 8. Share Of Common Expenses

The common expenses are to be apportioned in the following manner:

Investment Income  
----- x Total Common Expenses  
Total Income

E.g. Share of common expenses attributable to foreign dividend income:

Foreign Dividends [C]  
----- x Total Common Expenses [A]  
Total Income [B]

### 9. Approved Donations

For donations made to approved Institutions of a Public Character (IPCs) and other approved recipients, 2.5 times the amount of donations made will be given as a deduction.

Subject to the shareholding test, unutilised donations can be carried forward to offset against income of the company for subsequent years, up to a maximum of 5 years. For example, if the company has balance of unutilised donations from YA 2006 as at the end of YA 2011, these should be disregarded and not carried forward to YA 2012.

For more information, please refer to IRAS website under **Other taxes > Charities/PCs.**

**10. Partial Tax Exemption**

With effect from YA 2008, partial tax exemption is given on chargeable income (excluding Singapore franked dividends) of up to \$300,000 as follows:

1<sup>st</sup> \$ 10,000 @ 75%

Next \$290,000 @ 50%

For more information, please refer to IRAS website under **Businesses > For companies > Tax rates & tax exemption scheme.**

**11. Tax Exemption for New Start-Up Companies**

With effect from YA 2008, newly incorporated companies which qualify for tax exemption for new start-up companies, can claim tax exemption on chargeable income (excluding Singapore franked dividends) of up to \$300,000 as follows:

1<sup>st</sup> \$100,000 @ 100%

Next \$200,000 @ 50%

For more information, please refer to IRAS website under **Businesses > For companies > Tax exemption scheme for new start-up companies.**

**12. Foreign Tax Credit (FTC)**

Amount allowable is the lower of the Singapore tax payable on the net foreign income or the foreign tax paid.

Under the FTC pooling system which takes effect from YA 2012, the amount of FTC allowable is to be restricted to the lower of total Singapore tax payable on the foreign income under pooling and the pooled foreign taxes paid on those income.

FTC is not applicable for foreign-sourced dividends that are treated as exempt income in Singapore (Note 4).

For more information, please refer to IRAS website under **Businesses > For companies > If you receive foreign income > Claiming foreign tax credit.**