

# **IRAS CIRCULAR**

## **REQUEST FOR CERTIFICATION OF RESIDENCE**



**INLAND REVENUE  
AUTHORITY  
OF SINGAPORE**

Published by  
Inland Revenue Authority of Singapore

First published on 30 May 1998  
Revised on 15 March 2005 and 2 May 2006.

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## **Introduction**

1. A bilateral Double Taxation Agreement (DTA)<sup>1</sup> serves to relieve double taxation of various types of income derived by residents of one country from the other country. Among other things, a DTA clarifies whether an item of income is to be taxed in one country or both countries and the limitation of tax to be levied by each country. It is therefore a common feature of a DTA to provide for exemption or reduction of income tax in the source country on various types of income. Other provisions of the DTA deals with co-operation between the tax authorities of both countries, how each country relieves double taxation of its residents, and how taxpayers from each country can seek recourse if they are taxed not in accordance with the DTA. A DTA therefore provides a framework to facilitate greater cross-flows of trade, investment, know-how and expertise between the countries concerned.
2. As the DTA between two countries provides tax benefits only to their residents, the country from which an item of income is derived would verify that the person claiming an exemption or reduction of tax in that country is a resident of the other country. Therefore, a resident of Singapore would be requested by the tax authority of the source country to obtain a certification from IRAS that the person is a resident of Singapore, if he is claiming DTA benefits from that source country. Many of Singapore's treaty partners have printed forms for such certification, and the forms of some countries required IRAS to also certify that the Singapore resident has remitted the income concerned to Singapore and is subject to Singapore tax on such income. In cases where printed forms are not available from some of Singapore's treaty partners, the resident of Singapore would request for a letter of certification from IRAS.
3. This requirement for certification of residence reflects the intention of countries entering into DTAs to ensure that DTA benefits should not be claimed by persons not entitled to them, and that conditions attached to the granting of such benefits to residents should be fulfilled.
4. In some of Singapore's DTAs, there are provisions on "Limitation of Relief", either stated in a separate Article, in a Protocol accompanying the DTA or as part of other provisions. This "Limitation of Relief" provision imposes a condition on residents of Singapore that exemption or reduction of tax to be allowed under the DTA in the other country concerned shall apply only to the amount of income remitted to or received in Singapore, when such income is, under Singapore laws, only taxable on remittance. While the wording of such a provision may vary from one DTA to another, a typical version is as follows:

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<sup>1</sup> Please refer to IRAS' website for the complete list of countries that Singapore has concluded DTAs with (URL: [http://www.iras.gov.sg/ESVPortal/tax\\_resources/treaties/index.asp](http://www.iras.gov.sg/ESVPortal/tax_resources/treaties/index.asp)).

“Where this Agreement provides (with or without other conditions) that income from sources in a Contracting State shall be exempt from tax, or taxed at a reduced rate, in that State and under the laws in force in the other Contracting State the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other State and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in the first-mentioned State shall apply only to so much of the income as is remitted to or received in that other State.”

5. Presently, the DTAs<sup>2</sup> which contain the “Limitation of Relief” provision include those with Australia, Bangladesh, Belgium, Bulgaria, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Indonesia, Israel, Japan, Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mauritius, Mexico, Myanmar, Netherlands, New Zealand, Norway, Pakistan, Papua New Guinea, Poland, Portugal, Romania, South Africa, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom and Vietnam.

## **Administrative Statement**

6. A person requesting IRAS to issue a certification of residence usually does not inform IRAS whether he has received the foreign income concerned in Singapore, since he only needs to declare such remitted income in the year following the year of remittance. IRAS’ practice has been to check from file records that the person is a resident of Singapore and then request him to state whether he has received the income concerned in Singapore. Taxpayers may not be aware of nor appreciate the reason for IRAS making such a request.
7. This Statement serves to explain why IRAS requests for information on remittance of foreign income at the time of certification of residence and to seek the co-operation of taxpayers to provide all relevant information to IRAS so that time and effort can be saved on the part of taxpayers and IRAS.
8. IRAS has a duty towards Singapore’s treaty partners to ensure that its certification is not used improperly by persons claiming DTA benefits who are not entitled to such benefits or have not satisfied the conditions for enjoying such benefits. Where the relevant DTA contains the “Limitation of Relief” provision, IRAS will have to check that the condition stated in such a provision is or will be satisfied before issuing a certification of residence.
9. From henceforth, for the purposes of claiming DTA benefits, before IRAS can issue any certification of residence for a person deriving income from a treaty country where there is a “Limitation of Relief” provision in the DTA, the person has to:

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<sup>2</sup> The full text of all DTAs concluded by Singapore are available on IRAS’ website ([http://www.iras.gov.sg/ESVPortal/tax\\_resources/treaties/index.asp](http://www.iras.gov.sg/ESVPortal/tax_resources/treaties/index.asp)).

- (a) in the case of an individual, confirm that he/she is a resident of Singapore for tax purposes for the year of assessment for which the certification is sought; and in the case of a company, confirm that the control and management of the company's business is exercised in Singapore for the relevant period; and
  - (b) state that the certification is for the purpose of claiming DTA benefits; and
  - (c) state the nature and amount of the income; and
  - (d) declare that he is the beneficial owner of the income; and
  - (e) state whether the amount of the income concerned has been received in Singapore. If the income has not been received at the time of request for certification, he should state when it is expected to be received in Singapore, and undertake to remit the income to Singapore as stated and to declare the income in the tax return for the relevant year of assessment.
10. If the income is derived from a treaty country where there is no "Limitation of Relief" provision in the DTA, the person making the request for certification of residence is required to provide the particulars stated in paragraphs 9(a) and (d) only.
11. Where the printed forms provided by a foreign tax authority require certification of other particulars not mentioned in paragraph 9, the person requesting for such certification should provide documentary evidence to enable IRAS to verify such particulars.
12. Where a request for certification of residence is not made for the purpose of claiming DTA benefits but for other purposes (for example, a country may provide preferential tax treatment under its domestic laws to residents of certain countries), the person should state the purpose for such certification and the particulars which are required to be certified. In such case, IRAS may provide the certification if these particulars can be verified from the person's file records or other documentary evidence provided by him.
13. The procedures described in this Statement will also apply to requests for certification of residence under future DTAs concluded by Singapore.

## **E-Application for Certificate of Residence (for Tax Resident Companies Only)**

14. With effect from May 2003, IRAS has provided an electronic mode for companies to apply for the certificate of residence. Companies can thus avail themselves to this convenient method of making such an application via the Internet and have the certificate processed within 3 to 7 working days. This electronic option is also open to tax agents who are making the application on behalf of their clients. The electronic application for the certificate can be made at <https://mytax.iras.gov.sg/ESVWeb/default.aspx>. Demonstration slides on how a company or its tax agent can apply for a certificate of residence can be found on [http://www.iras.gov.sg/ESVPortal/our\\_eservices/our\\_e-services-ct-demonstrationSlides.asp](http://www.iras.gov.sg/ESVPortal/our_eservices/our_e-services-ct-demonstrationSlides.asp).

## **ENQUIRIES**

15. For any enquiry or clarification on this circular, please call 1800-356 8300 (Individual) or 1800-3568622 (Corporate).

Inland Revenue Authority of Singapore