

## **BENEFITS PAID OR GRANTED IN RESPECT OF AN EMPLOYMENT**

### **INTRODUCTION**

- 1 The rewards of employment usually comprise not only the salary drawn by the employee. More often than not, an employer offers its employees other benefits. Such benefits may be in kind or in money. Some of the more common ones are the provision of a place of residence, the provision of a car, the provision of free or subsidized medical/dental care and the provision of interest free or subsidized loans.
- 2 Section 10(2) of the Singapore Income Tax Act (SITA) defines “gains or profits from any employment” to include any perquisite paid or granted in respect of the employment whether in money or otherwise. The benefits attached to an employment, being perquisite paid or granted in respect of the employment, are therefore gains or profits from employment. As such, an employee to whom a benefit is granted is liable to tax on the value of the benefit received by him except those which IRAS has already agreed, as a concession, not to tax. The common type of benefits to which concession has been extended are the provision of free/subsidized medical or dental treatment, sponsored group outings and company annual function.
- 3 IRAS has received a number of enquiries from employers on their obligation in ensuring that their employees pay their due share of tax on the benefits provided to them.
- 4 This Statement is intended to clarify the obligation of employers in respect of any benefits paid or granted by them to their employees.

### **ADMINISTRATIVE PRACTICE**

- 5 Every employer is obliged to declare the full amount of remuneration, whether in cash or otherwise, paid or payable to any person employed by him. This obligation is set out by the Comptroller of Income Tax by way of a Gazette Notification issued under section 68(2) of the SITA. To fulfill the obligation, the employer has to complete and issue to each of their employees a return of employee’s remuneration in the format prescribed by the Comptroller (commonly known as Form IR8A) within the time limit specified in the Gazette Notification.
- 6 An employer is therefore required to declare the value of any benefits it provides to its employees, save those which are not taxable under current extra-statutory concessions. Failure to do so is an offence punishable under the SITA.
- 7 To assist the employer, the commonly-provided benefits, together with the method of computing the value of the benefits where applicable, are listed in the Form IR8A and the Appendix thereto (see Annex). Employers who provide benefits other than those listed in the Appendix to the Form IR8A and are not sure whether and how such benefits should be declared should seek clarification from IRAS.

1997

## APPENDIX 8A

**Value of Benefits-in-Kind for the Year Ended 31st December, 1996**  
(To be completed if applicable)

Tax Ref No : 

Name of Employee :

\$

## 1. Value of place of residence (Please see explanatory note 9) :

Address	Period of occupation		No. of days
	From	To	
Annual value/Rent paid by employer : 0.00	Rent paid by employee :		

## 2. Value of Furniture &amp; Fittings/Driver/Gardener (Total of 2a to 2k)

Item (Cross box if applicable)	A) No of Units	B) Rate per unit p.m. (\$)	#Value \$
a. Furniture : Hard & Soft		10.00	
b. <input type="checkbox"/> Refrigerator <input type="checkbox"/> Video Recorder		10.00/20.00	
c. <input type="checkbox"/> Washing Machine <input type="checkbox"/> Dryer <input type="checkbox"/> Dish Washer		15.00	
d. Air Conditioner : <input type="checkbox"/> Unit <input type="checkbox"/> Central-Dining <input type="checkbox"/> Sitting <input type="checkbox"/> Additional		10.00/15.00/15.00/10.00	
e. <input type="checkbox"/> TV <input type="checkbox"/> Radio <input type="checkbox"/> Amplifier <input type="checkbox"/> Hi-Fi Stereo		30.00	
f. <input type="checkbox"/> Computer <input type="checkbox"/> Organ		40.00	
g. Swimming Pool		100.00	
h. <input type="checkbox"/> Public Utilities <input type="checkbox"/> Tel <input type="checkbox"/> Pager <input type="checkbox"/> Servant	Actual amount		
i. Driver	Annual wages x (private/total mileage)		
j. Gardener or Upkeep of Compound	\$35.00 p.m. or actual wages whichever is lesser		
k. Others (see explanatory note 10)			

# Value for (2a) to (2g) &amp; (2k) = A (No. of units) x B (Rate p.m.) x 12 x No. of days/365

## 3. Value of Hotel Accommodation Provided (Total of 3a, 3b &amp; 3c)

	A) No. of Persons	B) Rate per Person p.m. (\$)	C) Period Provided (No. of days)	Value \$ AxBx12xC/365
a. Self / Wife		250		
b. Children ages :				
8-20 years		100		
3-7 years		50		
< 3 years		25		
c. Plus 2% of basic salary				

## 4 Others

a	Cost of leave passages and incidental benefits :	No of passages for self :	wife :	children :	.....
b	Interest payment made by the employer to a third party on behalf of an employee				.....
c	Life insurance premiums paid by the employer				.....
d	Free or subsidised holidays including air passage, etc.				.....
e	Educational expenses including tutor provided				.....
f	Rewards for long service other than non-monetary awards with little commercial value				.....
g	Entrance/ transfer fees and annual subscription to social or recreational clubs				.....
h	Gains from assets, e.g. vehicles, property, etc sold to employees at a price lower than open market value				.....
i	Full cost of motor vehicle given to employee				.....
j	Car benefit = 3/7 x (car cost - residual value)/10 + ( * x private mileage) * = \$0.45/km if cost of petrol borne by employee or \$0.55/km if cost of petrol borne by employer				.....
k	Other benefits which do not fall within the above items				.....

**TOTAL VALUE OF BENEFITS-IN-KIND TO BE REFLECTED IN ITEM d9 OF FORM IR8A**

Name of Employer \_\_\_\_\_

Address of Employer \_\_\_\_\_

\_\_\_\_\_  
Name of authorised person making the declaration  
IR8A(A/1/97)

\_\_\_\_\_  
Designation\_\_\_\_\_  
Tel. No.\_\_\_\_\_  
Signature/Date