

IRAS CIRCULAR

Rental of Cars, Hand Phones and Other Similar Items during Overseas Business Trips

Clarification on the Scope of Section 12(7)(d) of the Income Tax Act
(1st Edition)



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28 February 2003

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Clarification on the Scope of Section 12(7)(d) of the Income Tax Act

Rent or other payments made to non-resident persons by Singapore-resident persons or permanent establishments under any agreement or arrangement for the use of movable property are deemed to be sourced in Singapore under section 12(7)(d) of the Income Tax Act (ITA). Accordingly, as provided under section 45A of the ITA, the payer has to withhold tax on the payments at 15%, or such reduced rates as provided under a tax treaty.

This circular clarifies that rent or other payments made for the use of movable property *outside Singapore*, where such use is *incidental* to the overseas business trips made by employees and businesses, are not payments falling within the scope of Section 12(7)(d) of the ITA.

Payers are therefore not required to withhold tax on rent or payments made to non-residents for the use of certain movable properties such as cars, hand phones, laptops and other similar items outside Singapore, where such use is incidental to the overseas business trips made by employees and businesses.