

Frequently Asked Questions on COVID-19 Support Measures and Tax Guidance for Individuals

| Non-resident foreign employees on short-term business assignment in Singapore (Applicable to YA 2021 only) | |
|---|--|
| Q1 | A non-resident foreign employee spent the first 30 days in Singapore for a short-term business assignment and thereafter extended his stay for another 70 days due to COVID-19 travel restrictions in 2020. Would his employment income be exempted under section 13(6) of the Income Tax Act? |
| A1 | <p>If the non-resident foreign employee did not exercise any employment in Singapore during the extended stay of 70 days in 2020, his employment income derived from the first 30 days will be exempt from tax under section 13(6) for the Year of Assessment 2021.</p> <p>On the other hand, if he was working remotely from Singapore for his overseas employer during the extended stay of 70 days, his employment income for the entire period of 100 days will be subject to tax at 15%, or the resident rates, whichever results in a higher tax amount.</p> |
| Q2 | Would the day of arrival in Singapore and the day of departure from Singapore be counted as days of employment in Singapore for a non-resident foreign employee? |
| A2 | For a non-resident foreign employee who is based outside Singapore and travels into Singapore for work purposes, the number of days of employment in Singapore includes the entire visit from the day of his arrival in Singapore to the day of his departure from Singapore, regardless of whether the day of arrival/departure falls on weekends or a public holiday. This is on the basis that employment is exercised in Singapore for any day that the employee is physically present in Singapore, regardless of whether it is a workday or a rest day. |
| Overseas-based Singaporeans/Singapore PRs working remotely from Singapore | |
| Q3 | An overseas-based Singaporean has been working from Singapore since beginning of 2020 due to Covid-19. While he was able to leave Singapore for his overseas employment by 31 Dec 2020, he has decided to stay in Singapore until 14 February 2021 to celebrate Chinese New Year with his family. During his extended stay, he continued to work remotely for his overseas employer. Would his employment income for the period from 1 January to 14 February 2021 be subject to tax in Singapore? |
| A3 | The tax concession of treating the individual as not exercising an employment in Singapore does not apply as the individual has decided to stay in Singapore even though he was able to leave by 31 Dec 2020. Under normal tax rules, an overseas-based Singaporean employee will be considered as exercising an employment in Singapore since he is working while physically present in Singapore. The employment income relating to the period he was working in Singapore would be taxable. However, if his annual income derives from Singapore does not exceed the income threshold of \$22,000 for Year of Assessment 2022, he is not liable to pay tax being a tax resident of Singapore. |
| Q4 | An overseas-based Singaporean returned to Singapore on 10 Jan 2021 for vacation and has intention to stay in Singapore till 28 Mar 2021 to attend his cousin's wedding. While in Singapore, he continues to work remotely for his overseas employer throughout except for 10 days while he was on vacation. Would his employment income for the period he was working in Singapore be subject to tax in Singapore? |

| | |
|----|---|
| A4 | Under normal tax rules, the employment income is subject to tax in Singapore as he is working while physically present in Singapore. However, if his annual income derived from Singapore does not exceed the income threshold of \$22,000 for Year of Assessment 2022, he is not liable to tax being a tax resident of Singapore. |
| Q5 | A Singapore Citizen employee working remotely in Singapore for his overseas employer did not fulfil the conditions for the COVID-19 tax concession and is liable to tax in Singapore on his employment income. Whose responsibility is it to report his employment income via Form IR8A as his employer is an overseas entity? |
| A5 | It is the responsibility of the individual to report the employment income when filing his tax return. The individual may request the overseas employer to prepare a Form IR8A or a statement of his employment income for the relevant period in order for him to fulfil his tax filing obligation. |
| | |
| | Singapore-based employees working remotely from overseas |
| Q6 | A Singapore-based employee was temporarily stranded overseas due to COVID-19 travel restrictions and continued to work remotely for his Singapore employer when overseas. Is the Singapore employer required to report his employment income in the Form IR8A? |
| A6 | The employment income of a Singapore-based employee has to be reported in the Form IR8A even if part of the employment income is attributable to the period that he was stranded overseas. If such income is also subject to foreign tax and double tax relief (DTR) is applicable, the employee may provide the relevant information to IRAS for consideration of DTR upon filing his tax return. This is so that the appropriate double tax relief in line with the provision of the relevant Double Tax Agreement can be allowed against the tax assessed when we finalise his assessment. |
| Q7 | A Singapore-based foreign employee was stranded in his home country for more than a year and he continued to work remotely for his Singapore employer when he was overseas. Is his income subject to tax in Singapore? |
| A7 | The employee's income will be still taxable in Singapore if there is no change to his employment contract and the remote working arrangement is temporary due to COVID-19 travel restrictions. If he has to pay tax in his home country for the same income, please write in and provide the following details for IRAS to review his case. <ul style="list-style-type: none"> a) Period of remote working from his home country and reasons for the arrangement b) Date of return or intend to return to Singapore c) A copy of employment contract d) Residency status in his home country for the period concerned e) Document from the tax authority of his home country to substantiate that he is required to pay tax on the same employment income f) Whether his home country implements some temporary relief measures to provide exemption to their residents who are forced to remain in a certain location to work due to unforeseen circumstances. |
| Q8 | Based on COVID-19 tax treatment, the employment income of Singapore-based employees who were stranded overseas due to Covid-19 travel restrictions and working remotely from overseas is subject to tax in Singapore. Given that they exercise the employment outside Singapore, why is their employment income taxable in Singapore? |

| | |
|-----|---|
| A8 | The employees would be exercising an employment in Singapore, if not for the travel restrictions caused by COVID-19. As the remote working is just a temporary arrangement due to COVID-19 travel restrictions, it does not change the fact that the employees concerned are still exercising a Singapore employment. |
| | Clearance requirement |
| Q9 | A Singapore-based foreign employee is stranded outside Singapore due to travel restrictions. While overseas, he continues to work remotely for his Singapore employer. If he is stranded overseas for more than 6 months, does the employer need to file Form IR21/tax clearance? |
| A9 | <p>The employer does not need to file Form IR21/tax clearance if the employee's absence for more than 6 months is a consequence of COVID-19 travel restrictions. This is provided that the employee:</p> <ol style="list-style-type: none"> Is in employment with the employer and salary continues to be paid by the employer; and Continues to hold a valid work pass to work in Singapore for the same employer; and Is expected to return to Singapore to continue his employment when it is feasible to do so. <p>If the employer is aware of the employee's impending cessation of Singapore employment, the employer must then comply with the tax clearance obligations.</p> |
| | Individuals commencing a new employment with an overseas employer |
| Q10 | Would the tax concession apply to an individual who took up a new employment with an overseas employer in 2020 or 2021 and was allowed to start work remotely from Singapore for the overseas employer temporarily due to COVID-19 travel restrictions? |
| A10 | <p>The tax concession covers the Singaporeans/SPRs whose overseas employment was disrupted due to Covid-19 travel restrictions in 2020 or 2021 and who had returned to Singapore and been working remotely for their overseas employer from Singapore.</p> <p>In the case of an individual who took up a new employment which allowed him to work remotely from Singapore for the overseas employer during 2020 or 2021 in the midst of travel restrictions, we would need to assess if his income can qualify for exemption. The individual may provide the following details for IRAS' consideration:</p> <ul style="list-style-type: none"> Copy of employment contract Job responsibilities and scope Name of person whom the employee is reporting to Nature of work to be performed from Singapore Whether this is a temporary work arrangement due to travel restrictions and the relevant supporting documents <p>Please email us via myTax Mail (mytax.iras.gov.sg.ESWeb/default.aspx).</p> |
| | Not Ordinarily Resident (NOR) Scheme |
| Q11 | A Singapore-based employee was stranded overseas due to COVID-19 travel restrictions since March 2020. How would the number of days outside Singapore be counted for time-apportionment of Singapore employment income under the NOR tax concession? |
| A11 | If it is factual that the NOR individual has continued working outside Singapore during the travel restriction period (to be supported by evidence when called for), IRAS is prepared to accept that the days outside Singapore be counted for the purpose of computing NOR days. |

| | |
|-----|--|
| | If the individual has initially travelled out of Singapore for personal reasons and subsequently continued working and conducting business duties overseas, the days spent overseas for personal reasons would not count towards the 90 days requirement under the NOR tax concession. |
| | |
| | Stay-Home-Notice (SHN)/Quarantine |
| Q12 | A non-resident foreign employee travels to Singapore for a short-term business assignment in Singapore. He has to serve out a 14 days SHN upon arrival, would the 14 days be included as part of the 60 days extended stay in 2020? |
| A12 | The SHN period would not be included for the purpose of counting the number of workdays or extended stay in Singapore. It would also not be included as days for determining his residency status for Singapore tax purpose. This is provided that the employee is not performing any work in connection with his Singapore assignment or for his overseas employer during the SHN period. |
| | |
| Q13 | If the employer pays for the employee's SHN costs (e.g. at dedicated SHN facility) and COVID-19 testing, would these be taxable on the employee? |
| A13 | <p>The tax treatment depends on whether the employee was overseas for business trip or for his own personal trip.</p> <p>Where an employee has to serve SHN after returning from an overseas business trip, and the employer bears the SHN costs, such costs borne by the employer will not be regarded as employment benefit to the employee.</p> <p>Where an employee and/or his dependants have to serve the SHN after returning from an overseas personal trip, and the employer bears the SHN costs, these are considered employment benefits and are taxable as employment income, unless they are specifically exempt from tax. In this regard, the following SHN costs will be subject to tax:</p> <p>a) Hotel accommodation be it at the government dedicated facility or employer paid accommodation b) Meals c) Transport to and from hotel to test facility</p> <p>Under the current administrative concession, the reimbursement of medical expenses such as swab tests and medical supplies such as thermometer is not taxable, provided that the benefits are available to all employees.</p> |
| | |
| Q14 | What if the foreign employee relocates to Singapore to commence a new employment here and the employer bears his quarantine costs and those of his family members, would these be taxable? |
| A14 | Similar to other relocation expenses that an employee would ordinarily be reimbursed for, the quarantine costs borne by the employer for him and his family members are not taxable on the employee. |
| | |
| | Exemption of employment benefits |
| Q15 | The Malaysian employees of a Singapore company used to travel in and out of Singapore on a daily basis. They were unable to do so due to COVID-19 travel restrictions and the company have provided them with accommodation in Singapore. Is the accommodation taxable? |

| | |
|-----|--|
| A15 | <p>Yes, the accommodation provided to employees are taxable benefits.</p> <p>Please refer to the tax treatment for Accommodation and Related Benefits:</p> <p>https://www.iras.gov.sg/taxes/individual-income-tax/employers/understanding-the-tax-treatment/accomodation-and-related-benefits.</p> <p>For information, exemptions apply for qualifying accommodation benefits provided to employees in the year 2020, subject to conditions. Please refer to Exemption for Employment Benefits for Accommodation, Food, Transport and Daily Necessities:</p> <p>https://www.iras.gov.sg/news-events/singapore-budget/covid-19-support-measures-and-tax-guidance/tax-guidance/for-individuals/exemption-for-employment-benefits-for-accommodation-food-transport-and-daily-necessities.</p> |
|-----|--|