

Advance Ruling Summary No. 10/2026
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1. Subject:

Whether dividend income from Company B that is used for the payment of one-tier tax exempt dividends by Company A to its shareholder is regarded as received or deemed to be received in Singapore under Section 10(25) of the Income Tax Act 1947 (“ITA”).

2. Relevant background and facts:

- a. Company A is incorporated and tax resident in Singapore.
 - b. Company A intends to incorporate a subsidiary, Company B which will be a tax resident in Country X.
 - c. Company A will receive dividend income from Company B in its offshore bank account, such that there is no physical remittance or transmission of funds into Singapore for the dividend payment.
 - d. Company A will subsequently use a portion of the dividend income from Company B to distribute one-tier tax exempt dividends to its shareholder. The dividend income from Company B will be paid directly from Company A’s offshore bank account to the offshore bank account of Company A’s shareholder without any remittance or transmission of funds into Singapore.
 - e. The dividend income from Company B used for the payment of one-tier tax exempt dividends to Company A’s shareholder will neither be applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore by Company A nor be used to purchase any movable property which is brought into Singapore.
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3. Relevant legislative provisions:

- a. Income Tax Act 1947 – Section 10(25)
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4. The rulings:

- a. The dividend income from Company B that is used for the payment of one-tier tax exempt dividends by Company A to its shareholder will not be regarded as income received or deemed received in Singapore under section 10(25) of the ITA.

- b. The ruling is subject to the following conditions:
- (i) The dividend income from Company B indeed constitutes the foreign-sourced income of Company A for Singapore income tax purposes;
 - (ii) The payment by Company A to its shareholder's offshore bank account is indeed a payment of Singapore one-tier tax exempt dividend directly to the shareholder's account without involving any physical remittance or transmission of funds into Singapore, or bringing of the funds into Singapore by Company A for the purpose of the dividend payment;
 - (iii) The payment of the Singapore one-tier tax exempt dividend from Company A's unremitted foreign income is not in fact amounts constituting the foreign-sourced income of Company A which had already been remitted to, transmitted or brought into Singapore from the time the foreign-sourced income was accrued to Company A to the time it was paid to Company A's shareholder as Singapore one-tier tax exempt dividend; and
 - (iv) The transaction must not be a tax avoidance scheme within the ambit of section 33 of the ITA.
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5. Reasons for the decision:

- a. The dividend income from Company B that is used to pay one-tier tax exempt dividends directly to the offshore account of Company A's shareholder (without any remittance or transmission of funds into Singapore) do not come within the provisions of section 10(25) of the ITA.
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6. General Reference:

- a. Taxpayers may refer to the IRAS website for further guidance on the application of section 10(25) where income from outside Singapore is considered received in Singapore.
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