

Explanatory Notes

A. Essential Information

- With effect from the Year of Assessment (YA) 2024, companies deriving foreign income are required to provide specific information as stated on IRAS' [website](#) in their tax computations to track the movement of the foreign income.
- To facilitate the preparation and provision of the required information, IRAS has developed this standard template, which companies are strongly encouraged to adopt. This template was designed to cover the list of key information stated on IRAS' website. Companies may modify this template to include additional details such as the jurisdictions from which the income is sourced, or the amount of foreign taxes suffered. Companies may also continue using their existing templates, as long as the specific information as stated on IRAS' website is included.
- In this standard template, unremitted foreign income earned in different years are tracked as separate rows and maintained until the particular income is entirely remitted or used in a manner that is considered not received in Singapore under Section 10(25) of the Income Tax Act 1947 ("ITA"), such that the income becomes permanently unavailable for subsequent remittance.
- Companies must maintain proper records in relation to the information provided in this template for 5 years from the relevant YA and must be ready to submit them upon IRAS' request. The relevant YA refers to the YA relating to the basis period in which the foreign income is accrued, used or received in Singapore, as the case may be. Failure to keep such records or to submit them to IRAS upon request may result in IRAS exercising its best judgment to estimate the foreign income derived, disallow expense claims and/or impose penalties.

B. How to use this template

The numbered items below match the notes in the standard template and serve as explanation of the various columns within the template.

1. Nature of income

Enter the type of foreign income derived in the respective years (e.g. interest, dividend, royalty, branch profit). For ease of presentation, you may prepare separate schedules for each type of income.

2. Unremitted income – balance b/f

Enter the amount of foreign income earned in the respective years that has yet to be remitted or used by the company as at the beginning of the basis period of the reporting YA. This includes unremitted income earned in years prior to YA 2024.

If Companies are unable to provide a year-by-year breakdown of the income earned prior to YA 2024, they may present a cumulative unremitted quantum for each type of income. Foreign income earned from YA 2024 onwards should be tracked as separate rows and maintained until the particular income is entirely remitted or used in a manner that is not considered as received in Singapore under Section 10(25) of the ITA, such that the income becomes permanently unavailable for subsequent remittance.

3. Current year income

Enter the amount of foreign income accrued during the basis period of the reporting YA.

Companies must retain records (e.g. invoices, receipts, contracts, audited financial statements) supporting the accrual of foreign income for 5 years from the YA relating to the basis period in which the income is accrued. For example, a company with a December financial year end that derived rental income from an overseas property in 2024 must retain records relating to that income until 31 December 2029.

4. Income received in Singapore during the year

Under Section 10(25) of the ITA, income from outside Singapore is considered received in Singapore when it is:

- Remitted to, transmitted or brought into Singapore;
- Used to satisfy any debt incurred in respect of a trade or business carried on in Singapore; or
- Used to purchase any movable property (such as equipment, raw material, etc.) brought into Singapore.

Enter the amount of foreign income which is received during the basis period of the reporting YA. This includes foreign income received in Singapore during the year that qualify for tax exemption under Section 13(8) or Section 13(12) of the ITA.

Companies must retain records (e.g. bank statements) supporting the receipt of foreign income in Singapore for 5 years from the YA relating to the basis period in which the income is received. For example, a company with a December financial year end that remitted foreign rental income to Singapore in 2024 must retain records relating to that remittance until 31 December 2029.

5. Income used during the year and not received in Singapore

This refers to foreign income that is used by the company in a manner that is considered not received in Singapore under Section 10(25) of the ITA, such that the income becomes permanently unavailable for subsequent remittance. One example of such use is when the foreign income is kept offshore and used for payment of one-tier tax exempt dividends directly to the shareholder's bank account. You may refer to the [FAQs](#) on taxable income received in Singapore from outside Singapore for some of such scenarios, and the conditions that will need to be met.

Please provide additional details in the tax computation (e.g. describe the usage of the income, and the basis for claiming that the income was considered not received in Singapore and can no longer be remitted even in the future).

Companies must retain records supporting how the foreign income is used overseas, where such usage does not constitute receipt in Singapore under section 10(25), for 5 years from the YA relating to the basis period in which the income is used. For example, a company with a December financial year end that used the foreign rental income to pay Singapore one-tier tax exempt dividends directly to its shareholder's bank account in 2024 must retain records relating to that usage until 31 December 2029.

6. Unremitted income– balance c/f

This includes:-

- Foreign income which is not remitted and not used in any manner.
- Foreign income that is used in any manner that may subsequently be received in Singapore under Section 10(25) of the ITA. One such example is foreign income that is reinvested overseas without being repatriated to Singapore. As an administrative concession, the foreign income is not considered received in Singapore at the point of reinvestment and the taxation of such income is deferred until the investment is sold and the proceeds are brought into Singapore.

Companies must retain records supporting how the foreign income is held overseas. For example, a company with a December financial year end that reinvested the foreign rental income overseas in 2024 must retain records relating to that reinvestment until 31 December 2029.

7. Allowable expenses incurred in Singapore

This refers to expenses that are wholly and exclusively incurred to derive the foreign income, provided that the deduction of the expenses is not prohibited by the ITA.

Please indicate if the company is electing for the liberalised treatment of expenses incurred in Singapore to derive the foreign income. You may refer to the [e-Tax Guide](#) “Liberalised Treatment of Expenses Incurred in Singapore to derive Foreign Income” for more details.

8. Allowable expenses – balance b/f

Enter the amount of allowable expenses that corresponds to (A).

9. Share of allowable expenses attributable to (C) and (D)

This refers to the amount of expenses attributable to the foreign income received in Singapore (i.e. column C), and the amount of expenses attributable to foreign income used by the company in a manner that is considered not received in Singapore under Section 10(25) of the ITA, such that the income becomes permanently unavailable for subsequent remittance (i.e. column D).

Please provide the basis of arriving at the amount in the tax computation.

10. Net income considered received and subject to tax in Singapore

If the foreign income is subject to tax in Singapore and overseas, tax reliefs may be available to Singapore tax residents to alleviate the double taxation suffered. This includes tax exemption under Section 13(8) or Section 13(12) of the ITA, and foreign tax credit for taxes paid in foreign jurisdictions against Singapore tax payable on the same income. You may refer to the IRAS' [website](#) for more information.

Please indicate if the Company is claiming tax relief and furnish the required information in the tax computation.