

**Computation of FTC for a company that receives foreign income  
(Source-by-Source and Country-by-Country)**

Company ABC Pte Ltd derived and received the following income during financial year 2019 [i.e. Year of Assessment (YA) 2020]:

	Amount	Foreign tax paid	Expenses applicable to foreign income
Service Income – Local	\$300,000		
Service Income – From Country X	\$50,000	\$10,000	
Deductible expenses & capital allowances for service income	\$15,000		
Foreign income – interest (From Country Y)	\$20,000	\$1,000	\$100

Company ABC Pte Ltd is entitled to claim foreign tax credit on the service income of \$50,000 from Country X and interest income of \$20,000 from Country Y.

**Tax Computation for YA 2020**

	\$	
Service income - Local	300,000	
Service income - Foreign Country X	50,000	(A)
Total service income	<u>350,000</u>	(B)
Less: Deductible expenses and capital allowances	<u>(15,000)</u>	
	335,000	(C)
Interest (Country Y) [20,000 - 100]	19,900	(D)
Total statutory income	<u>354,900</u>	(E)
Less: Approved donations (assumed)	<u>(1,000)</u>	
Chargeable income (before exempt amount)	353,900	
Less: Partial tax exemption	<u>(152,500)</u>	
Chargeable income (after exempt amount)	<u>201,400</u>	
Tax payable @ 17%	34,238.00	(F)
Less: Foreign tax credit	<u>(5,616.87)</u>	#
	28,621.13	
Less: Corporate income tax rebate (25% X \$28,621.13)	<u>(7,155.28)</u>	
Net tax payable	<u>21,465.85</u>	

**#Calculation of Foreign Tax Credit**

Singapore tax payable on <b>service income</b> from Foreign Country X [A/B x C/E x F]	\$ 4,616.87
Foreign tax paid in Foreign Country X	10,000.00
Foreign tax credit = lower of Singapore tax payable or foreign tax paid	<b>4,616.87</b>
Singapore tax payable on <b>interest</b> income from Foreign Country Y [D/E x F]	1,919.80
Foreign tax paid in Foreign Country Y	1,000.00
Foreign tax credit = lower of Singapore tax payable or foreign tax paid	<b>1,000.00</b>