

EXPLANATORY NOTES FOR COMPLETION OF FORM IR8A & APPENDIX 8A FOR THE YEAR ENDED 31 DEC 2016

GENERAL

1. As an employer, you are required to complete a Form IR8A, Appendix 8A, Appendix 8B and Form IR8S (where applicable) to report your employee's remuneration every year.
2. You can download these prescribed forms from www.iras.gov.sg>Quick Links>Forms>Businesses>Income Tax forms for Employers. For more information on how to complete the forms, refer www.iras.gov.sg>Businesses>Employers>Reporting Employee earnings (IR8A, Appendix 8A, Appendix 8B, IR8S).
3. The employer must prepare Form IR8A and Appendix 8A (if applicable) for the following employees:
 - (a) Full-time resident employee;
 - (b) Part-time resident employee;
 - (c) Non-resident employee;
 - (d) Company director (including a non-resident director);
 - (e) Pensioner; and
 - (f) Employee who has left the organisation but was in receipt of income in 2016 (eg. stock options gains)
4. The Form IR8A and Appendix 8A (if applicable) must be completed and signed by the company secretary/director, precedent partner, sole-proprietor, manager, honorary secretary/treasurer of Clubs and Associations, local representative of a non-resident company or a person authorised by the employer. For a computer-printed Form IR8A, signature is not compulsory. However, the name, designation, contact number of the authorised person and the date must be stated.
5. The completed Form IR8A and/or Appendix 8A (for year ended 31 Dec 2016) should be given to your employees by **1 Mar 2017**. **Do not** send the completed forms to IRAS.

AUTO INCLUSION SCHEME (AIS)

6. If you have been notified to e-submit the employment income information to IRAS compulsorily or if you have arranged with IRAS to e-submit your employees' salary data, you do not need to prepare the Form IR8A and/or Appendix 8A/8B/Form IR8S for your employees. However, you may wish to provide your employees with a separate statement of earnings for their record. Please include in the statement of earnings that the income and deductions are not required to be reported in the employees' tax form as the information will be automatically included in their income tax assessments. All salary data for the year ended 31 Dec 2016 should be submitted electronically to IRAS by **1 Mar 2017**. Please ensure that the employment income information submitted electronically to IRAS is correct and complete.

Employers (including those participating in AIS) who fail to comply may be charged under Section 94 of the Income Tax Act. The penalty upon conviction is a fine not exceeding \$1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

COMPLETING THE FORMS

Observe the following guidelines when completing the forms to ensure that the information reported for your employees is accurate.

7. You need to provide the date of commencement of employment if your employee commenced employment in the year 2016 or before 1 Jan 1969. If your employee ceased employment in the year 2016, indicate the date of cessation.
8. Enter 'NA' for items that are not applicable.
9. If there are any changes to be made to your employee's income or deductions information after your company's e-submission or your employee has submitted his Form IR8A and/or Appendix 8A:
 - (a) Employers not participating in AIS

Complete another Form IR8A and/or Appendix 8A with the correct amount(s) and indicate:
 - (i) "Additional" at the top right hand corner to report the additional income paid to the employee; or
 - (ii) "Revised" at the top right hand corner to report the entire income/deduction details. Revised Form IR8A will supersede all previous Form IR8A.

You must give the Additional/Revised Form IR8A to your employee for his resubmission to IRAS.

- (b) Employers participating in AIS

e-Submit only the difference in amount for the affected employee and not an overall revised value

For more information on the submission of amendment files to IRAS, refer to www.iras.gov.sg > *Businesses > Employers > Auto- Inclusion Scheme (AIS) for Employment Income > When and How to Submit > Amend Submitted Records.*

DETAILS OF INCOME/DEDUCTIONS TO BE DECLARED IN FORM IR8A

10. All gains and profits derived by an employee in respect of his employment are taxable, unless they are specifically exempted from income tax or are covered by an existing administrative concession. The gains or profits include all benefits, whether in money or otherwise, paid or granted to him in respect of employment.

For more information on the taxability of the various gains or profits arising from employment, refer to [www.iras.gov.sg>Businesses>Employers>Tax Treatment of Employee Remuneration](http://www.iras.gov.sg/Businesses/Employers/Tax Treatment of Employee Remuneration)

11. Refer to the table below for the procedures when reporting income of employees who are:

(a) Posted overseas

(i) Overseas posting incidental to Singapore employment

You are required to report the employee's income and CPF contribution for the whole year.

(ii) Overseas posting **not** incidental to Singapore employment

Period of overseas Posting	Income	Deductions
(I) whole year	<ul style="list-style-type: none"> Not required to report the employment income in items a) to d). State the amount of income related to the overseas employment in item "e) 2. Exempt/Non Taxable Income". Employers participating in AIS, select 'Income from Overseas Employment' under Exempt/Remission Income Indicator and state the amount of overseas employment income. 	<ul style="list-style-type: none"> Not required to report employee's CPF contributions. Report donations, contributions to Mosque Building Fund, life insurance premiums for the whole year
(II) part of the year	<ul style="list-style-type: none"> Only report the employment income for the Singapore employment in items a) to d). State the amount of income related to overseas employment in item "e) 2. Exempt/Non Taxable Income". Employers participating in AIS, select 'Income from Overseas Employment' under Exempt/Remission Income Indicator and state the amount of overseas employment income. 	<ul style="list-style-type: none"> Report the employee's CPF contribution for the Singapore employment. Report donations, contributions to Mosque Building Fund, life insurance premiums for the whole year.

* If your employee has overseas employment income and employer's contributions to overseas pension funds that qualify for concession, please select "Income from Overseas Employment and Overseas Pension Fund with Tax Concession" and provide the details of the Overseas Pension Fund separately in writing or via email to TAXQUERIES@iras.gov.sg (See Explanatory Notes 12d (III))

(b) Crew employed on board of ships

If your employee was a crew working on board a shipping vessel during the year 2016, indicate the following codes against your employee's designation on the Form IR8A:

- (i) 'FR' (foreign-registered ship);
 (ii) 'SR' (Singapore-registered ship plying within the port limits of Singapore); or
 (iii) 'SRI' (Singapore registered ship plying in international waters).

If your employee was a crew working on board a Singapore-registered ship plying in international waters and the employment was exercised substantially outside Singapore during 2016, the employment income is exempted from tax. This tax exemption is not applicable to employees who were based on shore but may periodically be required to board/sail with the ships for inspection work or other purposes.

Period Working on SRI	Income	Deductions
(I) whole year	<ul style="list-style-type: none"> Not required to report the employment income in items a) to d). State the exempted amount in item "e) 2. Exempt/Non Taxable Income". Employers participating in AIS, select 'Seaman' under Exempt/Remission Income Indicator and state the amount of income exempted from tax. 	Report employee's CPF contributions, donations, contributions to Mosque Building Fund, life insurance premiums for the whole year
(II) part of the year	<ul style="list-style-type: none"> Only report the employment income for the Singapore employment in items a) to d). State the exempted amount in item "e) 2. Exempt/Non Taxable Income". Employers participating in AIS, select 'Seaman' under Exempt/Remission Income Indicator and state the amount of income exempted from tax. 	Report employee's CPF contributions, donations, contributions to Mosque Building Fund, life insurance premiums for the whole year

12 Below are some useful information to assist you in completing the Form IR8A:
INCOME

Item No. in Form IR8A	Types of Income	What you need to know
a	Gross Salary, Fees, Leave Pay, Wages and Overtime Pay	<p>I) Report the amount due for the year 2016 regardless of whether:</p> <ol style="list-style-type: none"> It was paid within the year 2016; or It was paid/is payable to the employee in Singapore or outside Singapore. <p>II) Gross salary should:</p> <ol style="list-style-type: none"> Include remuneration paid by overseas employers to employees performing personal services in Singapore and maternity leave payments for working mothers; and Exclude NSmen Pay paid directly to employees by Mindef, Singapore Civil Defence Force or Singapore Police Force. If the NSmen pay was reimbursed to your company, report the full remuneration in the Form IR8A.
b	Bonus	<p>Bonuses are assessed in the year that an employee becomes entitled to the bonuses:</p> <ol style="list-style-type: none"> Contractual bonuses which are payable in accordance with the terms of a contract of service or a bonus plan adopted by an employer and which cannot be rescinded by the employer without legal consequences. Non-contractual bonuses which can be rescinded by the employer at any time prior to the actual payment of the bonuses without legal consequences. <p>For examples of when bonuses are to be declared, refer to www.iras.gov.sg/Individuals/Locals/What is Taxable, What is Not/Income from Employment/Salary, Bonus, Director's Fee, Commission and Others.</p>
c	Director's Fees	<p>Director's fees are assessed in the year that a director becomes entitled to the fees.</p> <p>For director's fees that are approved in arrears (e.g. approved in 2016 after a director has rendered the requisite services for the accounting year ended 31 Dec 2015), the director is generally entitled to the director's fees on the date the <u>fees are voted and approved</u> at the company's Annual General Meeting or Extraordinary General Meeting ("AGM/ EGM").</p> <p>For director's fees that are approved in advance (e.g. approved in 2016 before a director has rendered the requisite services for the accounting year ending 31 Dec 2016), the director is not entitled to the director's fees on date of AGM/EGM. Instead, he is entitled to the director's fees as and when he renders his services for the accounting year ending 31 Dec 2016. For example, the director would be entitled to director's fees on a monthly basis if he can enforce the payment of director's fees on a monthly basis.</p>

		<p>Where the company held:</p> <p>i. More than one meeting during the calendar year to approve payments of director's fees for the same accounting year, enter the <u>date of approval of the last held meeting</u>; or</p> <p>ii. One or more meetings during the calendar year to approve payments of director's fees for different accounting years, enter the total amount of director's fees to which the director is entitled to in 2016 and provide the following information as shown in the example below, in a separate sheet of paper:</p> <table border="1" data-bbox="571 380 1497 533"> <thead> <tr> <th>Date of approval of director's fees at the company's AGM/EGM</th> <th>Director's fees approved at AGM/EGM are in respect of services for accounting year ended</th> <th>Amount of director's fees to which the director is entitled to in 2016</th> </tr> </thead> <tbody> <tr> <td>9 Jan 2016</td> <td>31 Dec 2016</td> <td>\$12,000</td> </tr> <tr> <td>9 Jan 2016</td> <td>31 Dec 2015</td> <td>\$ 2,000</td> </tr> <tr> <td colspan="2">Total</td> <td>\$14,000</td> </tr> </tbody> </table> <p>If Section 45 withholding tax has been paid on director's fees payable to a non-resident director, indicate 'S45 applied' against your employee's designation on the Form IR8A.</p> <p>For more information on the tax treatment of director's fees, refer to www.iras.gov.sg>Quick Links>e-Tax Guides>Keyword Search: Director>Income Tax: Tax Treatment of Director's Fees and Bonuses from Employment.</p>	Date of approval of director's fees at the company's AGM/EGM	Director's fees approved at AGM/EGM are in respect of services for accounting year ended	Amount of director's fees to which the director is entitled to in 2016	9 Jan 2016	31 Dec 2016	\$12,000	9 Jan 2016	31 Dec 2015	\$ 2,000	Total		\$14,000
Date of approval of director's fees at the company's AGM/EGM	Director's fees approved at AGM/EGM are in respect of services for accounting year ended	Amount of director's fees to which the director is entitled to in 2016												
9 Jan 2016	31 Dec 2016	\$12,000												
9 Jan 2016	31 Dec 2015	\$ 2,000												
Total		\$14,000												
d	Others	<p>(I) Allowances (item d1 of Form IR8A)</p> <p>Allowances are taxable unless they are specifically exempted from income tax or are covered by an existing administrative concession.</p> <p>Item "d1(iii) Others" include:</p> <ul style="list-style-type: none"> • Contributions by employer to employee's CPF/SRS account; • Cash top-up to Retirement Sum Topping-up Scheme by employer; • Housing allowance; • Staff referral fees; • Annuity purchased for employee in lieu of any pension or other benefit; and • Monetary benefits provided/paid by employer which are not listed under item 4 of Appendix 8A <p>(II) Lump sum payment (item d4 of Form IR8A)</p> <p>i. The details of payment are to be classified into the respective fields in the table within the Form IR8A.</p> <p>ii. Compensation for loss of office is not taxable. The payment should not include taxable components such as gratuity, notice pay, ex-gratia payment, etc.</p> <p>iii. Employer needs to state the:</p> <ul style="list-style-type: none"> • respective taxable components of the lump sum payment under items 4(i), (ii), (iii) and (iv) and declare the total amount under item d4; • amount of Compensation for loss of office under item 4(v); • date of approval (if approval has been obtained from IRAS) that the compensation for loss of office is not taxable; and • reasons for the payment, the basis of arriving at each component and the employee's length of service <p>For more details, you may refer to www.iras.gov.sg>Individuals>Locals>What is Taxable, What is Not>Income from Employment>Retrenchment and Retirement Benefits.</p>												

		<p>(III) Contributions made by employer to any Pension/Provident Fund constituted outside Singapore (item d6 of Form IR8A)</p> <p>Contributions made by an employer to a pension/provident fund constituted outside Singapore in respect of an employment exercised in Singapore are taxable. These contributions are taxable even if the employee had ceased employment in Singapore at the time the contributions were made.</p> <p><u>Without Tax Concession:</u></p> <p>Report the amount of contribution in item d6.</p> <p><u>With Tax Concession:</u></p> <p>As a tax concession, the employer's contributions to an overseas pension/provident fund are not taxed provided that all the following conditions are met:</p> <ol style="list-style-type: none"> i. The contributions are mandatory under social security schemes operated, regulated and supervised by the employee's home country Government for employees even though they are working outside their home country; and ii. The contributions are not borne by or no deduction is claimed by any permanent establishment/company in Singapore. <p>The above concession will not apply if the employer is:</p> <ul style="list-style-type: none"> • an investment holding company, a tax exempt body or a representative office; • a service company which adopts the cost plus mark-up basis for its tax assessment. <p>If tax concession is applicable, do not report the amount and only provide the following details in item d6:</p> <ul style="list-style-type: none"> • Name of the overseas pension/provident fund; • Full amount of the contribution; • Whether the contributions are mandatory under social security schemes operated, regulated and supervised by the employee's home country Government for employees even though they are working outside their home country; and • Whether the contributions were charged to the accounts of <u>or</u> deductions were claimed by a Singapore permanent establishment. <ul style="list-style-type: none"> • Employers participating in AIS, select 'Overseas Pension Fund with Tax Concession' under the Exempt/Remission Income Indicator and state the amount of contribution accordingly. Provide the above details separately either in writing or via email to TAXQUERIES@iras.gov.sg
		<p>(IV) Excess/Voluntary contribution to CPF by employer (item d7 of Form IR8A)</p> <p>The excess/voluntary employer's contributions are taxable in the employee's name. Complete this item if the contributions:</p> <ol style="list-style-type: none"> i. are <u>more than the compulsory contributions (pegged to a CPF rate which is higher than the rate for each age group of your employees)</u> under the CPF Act; ii. on monthly Ordinary Wages (OW) subject to CPF contribution are more than \$6,000; iii. on total Additional Wages are more than the difference between \$102,000 and OW subject to compulsory CPF contributions; or iv. are <u>not compulsory</u> under the CPF Act. The CPF contributions made by employer for foreign employees or on director's fees are considered as voluntary contributions. <p>State the amount of employer's excess contribution less amount refunded/to be refunded to the employer and complete Form IR8S.</p> <p>For more information, refer to the Explanatory Notes for Completion of Form IR8S.</p> <p>(V) Gains or profits from Employee Stock Option (ESOP)/other forms of Employee Share Ownership (ESOW) Plans (item d8 of Form IR8A)</p> <ol style="list-style-type: none"> i. Gains or profits derived by the employee, directly or indirectly by reason of any office or employment from the: <ul style="list-style-type: none"> • exercise, assignment, release or acquisition of any right or benefit; or • grant or vesting of any shares under an ESOW Plan is taxable <p>For more information, refer to the Explanatory Notes for Completion of Appendix 8B.</p>

		<p>ii. Tax exemptions under the ERIS (Start-ups)/ERIS (SMEs)/ERIS (All Corporations) Schemes will NOT apply under circumstances where the employee receives cash compensation for the release of his right or benefit to acquire shares in a qualifying company by reason of resignation or termination of employment due to misconduct.</p> <p>State the amount of cash compensation in item “d) 1. (iii) Others” of the Form IR8A. DO NOT complete the Appendix 8B.</p>
	TOTAL (items d1 to d9)	<p>The total of items d1 to d9 of Form IR8A should not include:</p> <p>i. Compensation for loss of office;</p> <p>ii. The amount of retirement benefits accrued up to 31 Dec 1992 if the employee received the retirement benefit from an existing approved pension and provident fund upon reaching the statutory retirement age.</p>
e	Remission / Exempt/Non Taxable	<p>(I) Remission</p> <p>Report the full amount of Overseas Cost of Living Allowance in item d) and provide the amount for which remission of tax is granted in item “e) 1. Remission”.</p> <p>For employers participating in AIS, select “TAX REMISSION ON OCLA” under Exempt/Remission Income indicator.</p> <p>(II) Exempt income</p> <p>See Explanatory Notes 11 for reporting of exempt income.</p>

DEDUCTIONS

<p>(I) Employee’s Compulsory contribution to CPF/Designated Pension or Provident Fund Apply the appropriate CPF rates published by CPF Board at www.cpf.gov.sg and exclude the amount of excess/voluntary CPF contributions in this item.</p> <p>(II) Voluntary Contributions made by the Employer on the Employee’s behalf</p> <p>Do not include the following voluntary contributions as deductions will be allowed automatically:</p> <p>i) Voluntary contributions to Medisave Account ii) Voluntary contributions to the Retirement Sum Topping-up Scheme; and iii) SRS contributions made by employer</p>
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DETAILS OF BENEFITS-IN-KIND TO BE DECLARED IN APPENDIX 8A

Employers have to declare the benefits-in-kind in the Appendix 8A unless the benefits-in-kind are granted an administrative concession or exempted from Income Tax. For more information, refer to www.iras.gov.sg>Businesses>Employers>Tax Treatment of Employee Remuneration.

13. Generally, the actual cost of providing the benefits-in-kind should be reported. The details of the taxable benefits-in-kind are to be reported in Appendix 8A and the total value of benefits-in-kind must be entered in **item d9 of Form IR8A**.
14. **Below are some useful information to assist you in completing the Appendix 8A:**
 - (a) The Annual Value (AV) of a property can be found on the property tax bill or via IRAS' e-Valuation List service (Home>Property>Property Professionals>Real Estate / Housing Agents)
 - (b) Partially furnished refers to only fittings (e.g. lightings, air-conditioner/ceiling fan, water-heater) provided whereas fully furnished refers to both fittings and furniture/household appliances provided.
 - (c) Where the place of residence provided to an employee is a serviced apartment (not within a hotel building), report the benefits under Section 2a to 2f. However, if the serviced apartment is located within a hotel building, report the actual cost incurred by the employer, less amount paid by the employee under Section 3.

Example: Accommodation and related benefits provided by employer (assuming the employee worked from 1 Jan 2016 to 31 Dec 2016)

Place of Residence

Period when the premises was provided:	1 Mar 2016 to 29 May 2016
Number of days premises occupied: (Assuming that the premises is shared by 2 employees)	90 days
Annual Value (applicable to the employee) (2a): (Assuming premises is fully furnished)	\$4,918.03 [(AV of \$40,000/2 employees) x 90/366]
Value of Furniture and Fittings (2b)	<u>\$2,459.02</u> (50% x \$4,918.03)

Taxable value of Place of Residence (2d)	\$7,377.05
Less: Rent paid by employee (2e)	<u>\$2,000.00</u>
Total Taxable value of Place of Residence (2f)	<u>\$5,377.05</u>
Utilities (2g)	\$ 250.00
Gardener (2i)	<u>\$1,200.00</u>
Taxable value of utilities and housekeeping costs (2j)	<u>\$1,450.00</u>
Hotel Accommodation (3a)	\$2,500.00
Taxable value of Hotel Accommodation (3c)	\$2,500.00
Total value of benefits-in-kind (2f+2j+3c)	<u>\$9,327.05</u>

For more details, refer to [www.iras.gov.sg>Businesses>Employers>Tax Treatment of Employee Remuneration>Accommodation and Related Benefits](http://www.iras.gov.sg/Businesses/Employers/Tax Treatment of Employee Remuneration/Accommodation and Related Benefits).

15. **Cost of home leave passages and incidental benefits** (item 4a of Appendix 8A):

Calculate the taxable value of leave passages as shown below:

Leave passage provided to	Value of benefit
Expatriate employees	<ul style="list-style-type: none"> 20% of the costs of one home leave passage provided to the employee, his/her spouse and 2 passages for each child annually. Full cost of any subsequent leave passages provided to the employee, his/her spouse and children. Full cost of any leave passages provided to other family members.
Non-expatriate employees (including Singapore Permanent Residents)	Full cost of any leave passage provided to employee and his family.

For more details, refer to [www.iras.gov.sg>Businesses>Employers>Tax Treatment of Employee Remuneration>Air Passage](http://www.iras.gov.sg/Businesses/Employers/Tax Treatment of Employee Remuneration/Air Passage).

16. **Car benefits** (item 4j of Appendix 8A)

(a) **New Car provided by employer**

Petrol cost borne by	Value of Benefit
Employee	$3/7 \times (\text{Car Cost} - \text{Residual Value})/10 + (\$0.45/\text{km} \times \text{private mileage})$
Employer	$3/7 \times (\text{Car Cost} - \text{Residual Value})/10 + (\$0.55/\text{km} \times \text{private mileage})$

- "3/7" refers to the use of the car outside office hours for private matters, which is estimated at 3 out of 7 days in a week.
- "Car cost" refers to the acquisition cost of a car (inclusive of COE) paid or payable on the date of purchase. If the car is not provided to the employee for the full year, the cost of the car can be apportioned based on the number of days that the car was provided to employee in the year. If the car was company registered (i.e. Q-plate) before 1 Apr 1998, the cost of the car should be pegged to that of an identical private car.
- "Residual Value" is equal to 80% of the Open Market Value (OMV) of the car if the car was registered on or after 1 Nov 1990. The OMV of the car at the time of purchase is reflected on the vehicle registration card.

(b) **Leased car provided by employer**

Petrol cost borne by	Value of Benefit
Employee	$3/7 \times \text{Rental Cost incurred by the employer}$
Employer	$3/7 \times \text{Rental Cost incurred by the employer} + (\$0.10/\text{km} \times \text{private mileage})$

- "3/7" refers to the use of the car outside office hours for private matters, which is estimated at 3 out of 7 days in a week.
- If you have rented a car for your employee's use, the rental cost of the car should be used instead of the car cost.

For more information on how to compute the taxable value of a second-hand car, refer to [www.iras.gov.sg>Quick Links>Calculators>Individual Income Tax>Car Benefit Calculator](http://www.iras.gov.sg/Quick Links/Calculators/Individual Income Tax/Car Benefit Calculator)