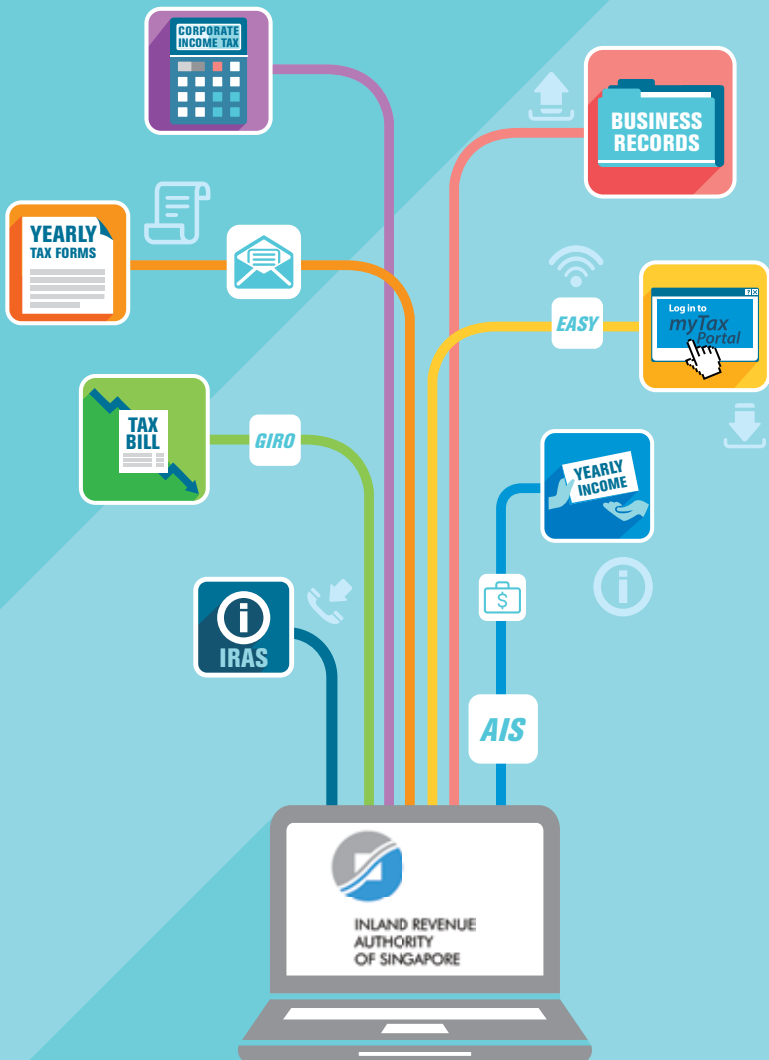


TAX GUIDE for NEW COMPANIES

Completing and filing the Corporate Income Tax Form
for the first time? Read on...



This starter guide provides basic information on corporate income tax and filing obligations.

Overview of Contents

- A** **INTRODUCTION TO CORPORATE INCOME TAX** Introduction
- B** **BUSINESS RECORDS** Business Records that Companies Must Keep
- C** **YEARLY TAX FORMS** Tax Forms that Companies Must Submit Yearly
- D** **Log in to myTax Portal** e-Services – the Best Way to File and Check Company Tax Matters
- E** **TAX BILL** Common Tax Reliefs that Help Reduce the Tax Bill
- F** **YEARLY INCOME** Employer's Responsibility to Report Employees' Yearly Earnings
- G** **i IRAS** IRAS' Services at a Glance

A INTRODUCTION TO CORPORATE INCOME TAX

INTRODUCTION

Income for a particular Year of Assessment (YA) is the company's income for the preceding financial year. For example, if your company's financial year ends on:

- 31 Dec, the income for YA 2016 is that for the financial year 1 Jan 2015 to 31 Dec 2015.
- 31 Mar, the income for YA 2016 is that for the financial year 1 Apr 2014 to 31 Mar 2015.

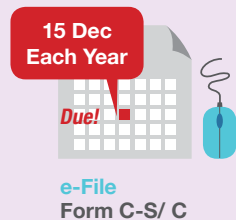
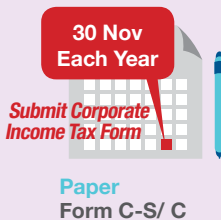
The prevailing corporate tax rate is 17%. Please refer to the IRAS website for the latest corporate tax rate.

IMPORTANT DATES TO REMEMBER

Within **three months from your company's financial year end**, submit the Estimated Chargeable Income (ECI).



By **30 Nov each year**, submit your company's Corporate Income Tax Form (Form C-S/ C). If you e-File Form C-S/ C, the due date is **15 Dec each year**.



B**BUSINESS
RECORDS****BUSINESS
RECORDS
THAT
COMPANIES
MUST KEEP**

Your company must have a proper system to keep the records of its business transactions. The records must be kept for at least five years from the relevant YA and be retrievable upon request by IRAS. For example, your records for the financial year 1 Jan 2015 to 31 Dec 2015 (YA 2016) should be kept up to 31 Dec 2020.

Documents to keep include:

- Source documents, e.g. invoices, receipts and vouchers
- Accounting records and schedules, e.g. general ledger and sales listings
- Bank statements and bank-in slips
- Any other business transaction records

C**YEARLY
TAX FORMS****TAX FORMS
THAT
COMPANIES
MUST SUBMIT
YEARLY**

Your company needs to submit 2 corporate income tax forms to IRAS every year:

- 1) Estimated Chargeable Income (ECI) form
- 2) Corporate Income Tax Form, commonly known as Form C-S or Form C

1) ECI FORM**What is ECI?**

Estimated Chargeable Income (ECI) is an **estimate** of the company's taxable income (after deducting tax-allowable expenses). You can refer to the IRAS website (iras.gov.sg) for more information on the expenses that can be deducted for tax purposes.

When to submit ECI?

The ECI form must be submitted to IRAS within three months from your company's financial year end. For example, if your company is incorporated in year 2015 and its financial year end is 31 Dec 2015, it has to submit its ECI for the financial year ending 31 Dec 2015 to IRAS by 31 Mar 2016.

If your company's financial year end is not 31 Dec, please inform IRAS by completing and submitting the form "Request for Income Tax Return (Form C-S/ C) Filing Package and Notification of New Financial Year End" from the IRAS website once your company closes its first set of accounts.

Getting the ECI Notification

IRAS will send you a notification to complete and submit the ECI form in the last month of your company's financial year, starting from the year following the year of incorporation. In the event that your company does not receive the ECI notification from IRAS, please proceed to file the ECI within three months from your company's financial year end.

e-File your ECI for more instalments!

You can enjoy up to 10 monthly instalments if you e-file ECI and are on GIRO.

FILING TIP!

Companies that do not need to submit ECI

As a concession, you do not need to submit your ECI if your company's:

- ECI is NIL; **and**
- Annual revenue is not more than \$1 million.

If your company meets these conditions, you do not need to submit its ECI even if you have received the ECI notification from IRAS.

How to file your ECI?

e-File your company's ECI at *myTax Portal* (mytax.iras.gov.sg). Refer to **Section D** for more information on e-Services provided by IRAS.

After submitting the ECI Form - Receiving the Notice of Assessment

You will receive a Notice of Assessment (NOA) via post after you have submitted your company's ECI. You can also view the NOA at *myTax Portal*. An NOA is an official notice that states the amount of tax to be paid. However, IRAS will not issue an NOA to your company if it has filed a "NIL" ECI amount.

The tax must be paid within **one month** from the date of the NOA. To pay the tax by instalment, sign up for GIRO by submitting a GIRO application. Otherwise, you can pay via internet banking, SAM, AXS station, Cash/ NETS at any SingPost branch or cheque/cashier's order. The NOA will include information on the various ways to pay.

2) CORPORATE INCOME TAX FORM - FORM C-S/ C

What is the Corporate Income Tax Form?

Besides filing the ECI, you must also declare your company's **actual** income in the corporate income tax form every year. Even if your company makes losses, you still need to file the corporate income tax form.

There are two types of corporate income tax forms, **Form C-S** and **Form C**.

Form C-S is shorter than Form C, and is much easier to complete. Please submit Form C-S instead of Form C, if your company meets these qualifying conditions:

Qualifying conditions for Form C-S:	
Company:	<ul style="list-style-type: none">✓ Is incorporated in Singapore✓ Has an annual revenue of not more than \$1 million✓ Derives only income taxable at prevailing corporate tax rate
Does not claim any of the following	<ul style="list-style-type: none">X Carry-back of Current Year Capital Allowances/ LossesX Group ReliefX Investment AllowanceX Research & Development Tax AllowanceX Foreign Tax Credit and Tax Deducted at Source

You do not need to submit your financial accounts and tax computation if you file Form C-S. But you must prepare and retain these documents, and submit them when IRAS asks for them.

IRAS no longer issues paper copies of Form C-S.

e-File Form C-S/ C to enjoy a wide range of benefits!

FILING TIP!

Getting The Form C-S/ C Filing Package

IRAS will send your company a Form C-S or Form C filing package in Apr every year. A new company will receive the package only two years after its year of incorporation, as most new companies do not close their first set of accounts in their year of incorporation. So, if your company was incorporated in 2014, you will receive your first filing package in Apr 2016.

If your company closes its first set of accounts in the year of incorporation, and has commenced business or was in receipt of income, please ask IRAS for a Form C-S/ C filing package by May of the following year. This means that, if your company was incorporated in 2015 and closed its first set of accounts on or before 31 Dec 2015, you must ask IRAS for a filing package by May 2016. Please submit the form, "Request for Income Tax Return (Form C-S/ C) Filing Package and Notification of New Financial Year End", available on the IRAS website.

e-Filing Form C-S/ C

e-File Form C-S/ C via *myTax Portal* to enjoy these benefits:

- ✓ Extra 15 days to e-File
- ✓ iHelp for step-by-step guidance
- ✓ Auto-computation of certain fields that minimise filing errors
- ✓ Save draft function
- ✓ An estimate of tax payable on the spot
- ✓ Instant acknowledgement upon successful e-Filing

If you cannot e-File Form C-S/ C, please download the softcopy of Form C-S/ C from the IRAS website, complete, print and submit the signed copy to IRAS.

If you do not meet the qualifying conditions for Form C-S, please submit a Form C. Find out more about Form C on the IRAS website.

The filing due date is 30 Nov of each year. If you e-File Form C-S/ C, the due date is 15 Dec instead.

File your Form C-S/ C on time!

IRAS may estimate your company's income and taxes if you do not file on time. We may also issue a Letter of Composition and/ or Summons to the company and/ or its directors.

After Filing Form C-S/ C

After submission of the Form C-S/ C, IRAS will send you an NOA. It will state whether your company needs to pay more tax, is due for a refund from IRAS, or that no additional tax/ refund is due. Any additional taxes due must be paid within one month from the date of the NOA. You can pay via GIRO, Internet banking, SAM, AXS station, Cash/ NETS at any SingPost branch or cheque/ cashier's order. The NOA will provide information on the various ways to pay.

If you do not agree with the tax position stated in the NOA, inform IRAS by filing a Notice of Objection within **two months** from the date of the NOA. You also need to give reasons for objecting to the NOA. You may lodge your objection by:

- Using the e-Service "Object/ Revise Assessment" at *myTax Portal* (**preferred!**);
- Submitting the "Form for Filing Notice of Objection" found on our website; or
- Submitting a letter or an e-mail.

Even if you object to the assessment, you must still pay the tax within one month. Penalties will be imposed if the tax remains unpaid after the due date.

D



E-SERVICES – THE BEST WAY TO FILE AND CHECK COMPANY TAX MATTERS

There are many e-Services available at *myTax Portal* that you can use at your convenience. *myTax Portal* is a secure channel and is available round the clock. Many taxpayers have enjoyed using these e-Services to file their taxes and check their transaction statuses.

Before you can access the e-Services at *myTax Portal*, you must first authorise yourself, your staff or a 3rd party (your tax agent) via the e-Services Authorisation System (EASY).

To do that, please have the following on hand:

- Company's tax reference number
(e.g. 201499999M, T14FC9999B, A1234567Z)
- Company's e-Services Access Code
- Personal tax reference number
(e.g. S1234567Z, G1234567Z)
- SingPass or IRAS PIN

These are the e-Services that are available at *myTax Portal*:

WHAT YOU WANT TO DO	TYPE OF E-SERVICE
File your taxes	1) File Estimated Chargeable income (ECI) 2) File Income Tax Return (Form C-S/ C) 3) File Income Tax Return (Form for Dormant Company)
Check your tax assessment	4) View Return Status ¹ 5) View Correspondence/ Notices 6) View Donations
Object to your tax assessment	7) Object/ Revise Assessment
Check how much you owe IRAS	8) View Account Summary and Payment 9) View Payment Plan
Apply for Productivity and Innovation Credit (PIC) Cash Payout/ Check PIC Cash Payout status	10) Apply for PIC Cash Payout 11) View PIC Cash Payout Application Status 12) View PIC Cash Payout Correspondence/ Notices
Others	13) Apply for Waiver of Income Tax Return (Form C-S/ C) Submission by a Dormant Company 14) Apply for Certificate of Residence (COR) 15) S45 Withholding Tax e-Filing 16) e-Submission of Employment Income 17) Corporate Profile/ Contacts & Alerts

Check out our website for detailed user guides on these e-Services.

¹ For companies to view the submission and processing status of their ECI and/ or Form C-S/ C filed.

COMMON TAX RELIEFS THAT HELP REDUCE THE TAX BILL

TAX EXEMPTION SCHEME FOR NEW START-UP COMPANIES

For each of the company's first three consecutive YAs, qualifying companies can enjoy:

- **Full tax exemption** on the first **\$100,000** of chargeable income; and
- A further **50% tax exemption** on the **next \$200,000** of chargeable income.



CHARGEABLE INCOME

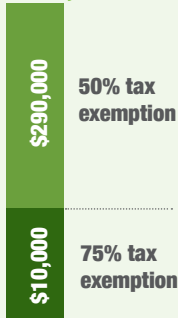
From the fourth YA onwards, companies can enjoy the partial tax exemption (explained below).

Note:
Abuse of this scheme through the set up of shell companies is an offence punishable under the law. The Court imposes severe penalties for such offences.

PARTIAL TAX EXEMPTION (PTE)

All companies can enjoy PTE, unless they have already claimed the Tax Exemption Scheme for New Start-Up Companies. Qualifying companies can enjoy:

- **75% tax exemption** on the first **\$10,000** of chargeable income; and
- A further **50% tax exemption** on the **next \$290,000** of chargeable income.



CHARGEABLE INCOME

EXPENSES INCURRED BEFORE COMMENCEMENT OF BUSINESS

Only expenses incurred **after** your business commences are deductible for tax purposes.

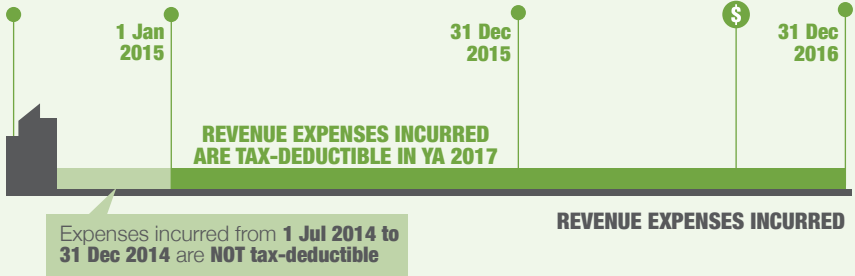
To assist businesses in enterprise development, revenue expenses incurred **one year before** the first day of the financial year in which you earn your first dollar of business receipt will be tax-deductible.

For example, your company was incorporated on 1 Jul 2014 and has a Dec year-end. Assuming it earned its first dollar of business receipt on 1 Sep 2016 (relates to YA 2017), the revenue expenses incurred during the period 1 Jan 2015 to 31 Dec 2015 (i.e. one year before 1 Jan 2016, which is the first day of the financial year in which your company earned its first dollar) will also be tax-deductible in YA 2017.

For YA 2016, the company should file a nil return since the company has not commenced its business yet.

EXAMPLE:

Company incorporated on 1 Jul 2014



CAPITAL ALLOWANCES (CA)

You can claim CA on **fixed assets** such as office equipment, electrical equipment, furniture and fixtures that are bought and used in your trade or business. CA is given in place of depreciation which is not tax-deductible.

More information is available on the IRAS website.



FIXED ASSETS

F**YEARLY
INCOME**

EMPLOYER'S RESPONSIBILITY TO REPORT EMPLOYEES' YEARLY EARNINGS



As an employer, you have to issue to each employee a statement of his remuneration (Form IR8A and where applicable, Appendix 8A, Appendix 8B and Form IR8S) by **1 Mar every year** for his income tax filing.

AUTO-INCLUSION SCHEME AIS FOR EMPLOYMENT INCOME

If you join the AIS for Employment Income, you will submit your employees' remuneration information electronically to IRAS and the information will be auto-included in your employees' tax returns.

The AIS offers the following benefits:

- You do not need to issue the Form IR8A and where applicable, Appendix 8A, Appendix 8B and Form IR8S to your employees. However, you can still give your employees a statement of earnings for their reference
- A simpler tax filing process for your employees

From YA 2016, companies with 11 or more employees are required to join the AIS. If your company has fewer than 11 employees, we encourage you to join the AIS now to enjoy the benefits.

To join AIS, simply complete and send the AIS application form to IRAS.

For more information, please refer to the IRAS website.



IRAS' SERVICES AT A GLANCE

SEMINARS

IRAS conducts free one-day Corporate Income Tax seminars on tax obligations and common tax relief schemes annually from June to November. Do sign up to learn more about how to fulfill your tax obligations!

Find out more about the seminar dates and registration details on the IRAS website.

CONTACT DETAILS

For more information, please refer to:
IRAS Website - iras.gov.sg

If you need further assistance, please contact us at:

Email

ctmail@iras.gov.sg for Corporate Tax Matters;
ais@iras.gov.sg for Auto-Inclusion Scheme

Helpline (Mon to Fri, 8 a.m. - 5 p.m.)

1800-356 8622 for Corporate Tax Matters;
1800-356 8015 for Auto-Inclusion Scheme

This information aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise.

This information is correct as at 1 Oct 2015. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary our position accordingly.