

Frequently Asked Questions on 2020 COVID-19 Support Measures and Tax Guidance for Individuals

Non-resident foreign employees on short-term business assignment in Singapore	
Q1	A non-resident foreign employee spent the first 30 days in Singapore for a short-term business assignment and thereafter extended his stay for another 70 days due to COVID-19 travel restrictions in 2020. Would his employment income be exempted under section 13(6) of the Income Tax Act?
A1	<p>If the non-resident foreign employee did not exercise any employment in Singapore during the extended stay of 70 days in 2020, his employment income derived from the first 30 days will be exempt from tax under section 13(6) for the Year of Assessment 2021.</p> <p>On the other hand, if he was working remotely from Singapore for his overseas employer during the extended stay of 70 days, his employment income for the entire period of 100 days will be subject to tax at 15%, or the resident rates, whichever results in a higher tax amount.</p>
Q2	Would the day of arrival in Singapore and the day of departure from Singapore be counted as days of employment in Singapore for a non-resident foreign employee?
A2	For a non-resident foreign employee who is based outside Singapore and travels into Singapore for work purposes, the number of days of employment in Singapore includes the entire visit from the day of his arrival in Singapore to the day of his departure from Singapore, regardless of whether the day of arrival/departure falls on weekends or a public holiday. This is on the basis that employment is exercised in Singapore for any day that the employee is physically present in Singapore, regardless of whether it is a workday or a rest day.
Not Ordinarily Resident (NOR) Scheme	
Q3	A Singapore-based employee was stranded overseas due to COVID-19 travel restrictions since March 2020. How would the number of days outside Singapore be counted for time-apportionment of Singapore employment income under the NOR tax concession?
A3	<p>If it is factual that the NOR individual has continued working outside Singapore during the travel restriction period (to be supported by evidence when called for), IRAS is prepared to accept that the days outside Singapore be counted for the purpose of computing NOR days.</p> <p>If the individual has initially travelled out of Singapore for personal reasons and subsequently continued working and conducting business duties overseas, the days spent overseas for personal reasons would not count towards the 90 days requirement under the NOR tax concession.</p>
Clearance requirement	
Q4	A Singapore-based foreign employee is stranded outside Singapore due to travel restrictions. While overseas, he continues to work remotely for his Singapore employer. If he is stranded overseas for more than 6 months, does the employer need to file Form IR21/tax clearance?
A4	The employer does not need to file Form IR21/tax clearance if the employee's absence for more than 6 months is a consequence of COVID-19 travel restrictions. This is provided that the employee:

	<p>a) Is in employment with the employer and salary continues to be paid by the employer; and</p> <p>b) Continues to hold a valid work pass to work in Singapore for the same employer; and</p> <p>c) Is expected to return to Singapore to continue his employment when it is feasible to do so.</p> <p>If the employer is aware of the employee's impending cessation of Singapore employment, the employer must then comply with the tax clearance obligations.</p>
	Overseas-based Singaporeans/Singapore PRs working remotely from Singapore
Q5	An overseas-based Singaporean has been working from Singapore since beginning of 2020 due to Covid-19. While he was able to leave Singapore for his overseas employment by 31 Dec 2020, he has decided to stay in Singapore until 14 February 2021 to celebrate Chinese New Year with his family. During his extended stay, he continued to work remotely for his overseas employer. Would his employment income for the period from 1 January to 14 February 2021 be subject to tax in Singapore?
A5	The current tax concession does not apply as the individual has decided to stay in Singapore even though he was able to leave by 31 Dec 2020. Under normal tax rules, an overseas-based Singaporean employee will be considered as exercising an employment in Singapore since he is working while physically present in Singapore. The employment income relating to the period he was working in Singapore would be taxable. However, if his annual income derives from Singapore does not exceed the income threshold of \$22,000 for Year of Assessment 2022, he is not liable to pay tax being a tax resident of Singapore.
Q6	An overseas-based Singaporean returned to Singapore on 10 Jan 2021 for vacation and has intention to stay in Singapore till 28 Mar 2021 to attend his cousin's wedding. While in Singapore, he continues to work remotely for his overseas employer throughout except for 10 days while he was on vacation. Would his employment income for the period he was working in Singapore be subject to tax in Singapore?
A6	Under normal tax rules, the employment income is subject to tax in Singapore as he is working while physically present in Singapore. However, if his annual income derives from Singapore does not exceed the income threshold of \$22,000 for Year of Assessment 2022, he is not liable to tax being a tax resident of Singapore.
	Individuals commencing a new employment with an overseas employer
Q7	Would the current tax concession apply to an individual who took up a new employment with an overseas employer in 2020 and was allowed to start work remotely from Singapore for the overseas employer temporarily due to COVID-19 travel restrictions?
A7	<p>The current tax concession covers the following 2 groups:</p> <p>(i) Singaporeans/SPRs whose overseas employment was disrupted due to Covid-19 travel restrictions in 2020 and who had returned to Singapore and been working remotely for their overseas employer from Singapore</p> <p>(ii) Non-resident foreigners who were on short-term assignment in Spore and unable to leave due to COVID-19 in 2020.</p> <p>In the case of an individual who took up a new employment which allowed him to work remotely from Singapore for the overseas employer during 2020 in the midst of travel</p>

	<p>restrictions, we would need to assess if his income can qualify for exemption. The individual may provide the following details for IRAS' consideration:</p> <ul style="list-style-type: none"> ▪ Copy of employment contract ▪ Job responsibilities and scope ▪ Name of person whom the employee is reporting to ▪ Nature of work to be performed from Singapore ▪ Whether this is a temporary work arrangement due to travel restrictions and the relevant supporting documents <p>Please email us via <i>myTax</i> Mail (mytax.iras.gov.sg.ESWeb/default.aspx) or IRAS website>contact us>email us>general enquiries.</p>
	Stay-Home-Notice (SHN)/Quarantine
Q8	A non-resident foreign employee travels to Singapore for a short-term business assignment in Singapore. He has to serve out a 14 days SHN upon arrival, would the 14 days be included as part of the 60 days extended stay in 2020?
A8	The SHN period would not be included for the purpose of counting the number of workdays or extended stay in Singapore. It would also not be included as days for determining his residency status for Singapore tax purpose. This is provided that the employee is not performing any work in connection with his Singapore assignment or for his overseas employer during the SHN period.
Q9	If the employer pays for the employee's SHN costs (e.g. at dedicated SHN facility) and COVID-19 testing, would these be taxable on the employee?
A9	<p>The tax treatment depends on whether the employee was overseas for business trip or for his own personal trip.</p> <p>Where an employee has to serve SHN after returning from an overseas business trip, and the employer bears the SHN costs, such costs borne by the employer will not be regarded as employment benefit to the employee.</p> <p>Where an employee and/or his dependants have to serve the SHN after returning from an overseas personal trip, and the employer bears the SHN costs, these are considered employment benefits and are taxable as employment income, unless they are specifically exempt from tax. In this regard, the following SHN costs will be subject to tax:</p> <ul style="list-style-type: none"> a) Hotel accommodation be it at the government dedicated facility or employer paid accommodation b) Meals c) Transport to and from hotel to test facility <p>Under the current administrative concession, the reimbursement of medical expenses such as swab tests and medical supplies such as thermometer is not taxable, provided that the benefits are available to all employees.</p>
Q10	What if the foreign employee relocates to Singapore to commence a new employment here and the employer bears his quarantine costs and those of his family members, would these be taxable?

A10	Similar to other relocation expenses that an employee would ordinarily be reimbursed for, the quarantine costs borne by the employer for him and his family members are not taxable on the employee.
	Exemption of employment benefits
Q11	For Malaysian workers who are staying at the company's premises due to the Movement Control Order (MCO), how would the value of accommodation be determined for the purpose of applying the exemption cap of \$75 per day per employee?
A11	If there are no additional costs incurred by the employer, IRAS is prepared to accept that the value of accommodation applicable to each employee is not more than \$75 per day and therefore the benefit will be exempt from tax.
	Working from Home (WFH) Allowance/Expenses
Q12	The employer gives every employee a monthly WiFi allowance for employees who are working from home. Is this allowance taxable?
A12	<p>Generally, all allowances provided by employers to their employees are taxable as gains from employment. Thus, the monthly WiFi allowance provided by employer for working from home is taxable.</p> <p>Employees may claim deduction on the WiFi subscription fee if the WiFi was set up to enable them to work from home. No deduction can be claimed if the WiFi was set up prior to working from home. One-time charges, such as installation or connection fees, also cannot be claimed as they are capital in nature. See guidance on website:</p> <p>https://www.iras.gov.sg/IRASHome/Individuals/Locals/Working-Out-Your-Taxes/Deductions-for-individuals/Deductions-on-Employment-Expenses/</p>
Q13	If the employer reimburses the employee for WiFi expenses incurred for working from home, would the reimbursement be taxable?
A13	The reimbursement of expenses incurred for work purposes is not taxable.
Q14	Is the reimbursement of the purchase costs of work equipment (e.g. computer screen, ergonomic office chair, laptop accessories, etc.) by the employer taxable in the hands of employees?
A14	<p>Where the employer reimburses an employee for the purchase of an asset which is essential to the employee performing his duties, the reimbursement is not taxable.</p> <p>However, if the employee gets to retain the equipment when it has ceased to be used for work purposes or upon the cessation of employment, there will be a taxable benefit in the hands of the employee if:</p> <ol style="list-style-type: none"> a) The equipment has a residual market value (as determined by the employer) at that point in time, and b) The employee is not required to pay an amount equivalent to such value. <p>The employer may use any reasonable method to determine the residual market value of the equipment.</p>