Payment is made to a non-resident company

Is the payment made to a resident of a treaty partner country?

No

Does the income fall under a specific Article in the tax treaty (DTA)?

No

Yes

Does the income fall under the Business Profits Article in the DTA? 1

Yes

Does the relevant Article make reference to the Business Profits Article?

No

Yes

Is the income effectively connected with a PE 2 in Singapore?

No

Yes

Did the recipient carry on business through a PE 2 in Singapore?

Withhold tax according to the domestic tax law 3

Withhold tax at prevailing corporate tax rate 3

Not necessary to withhold tax 3

Withhold tax according to rates in DTA 1

No

Yes

Is the taxing right given solely to the treaty partner under the DTA?
Examples of Business Profits Article can be found in Article 5 of Australia DTA and Article 7 of China DTA. Where payments for labour or personal services are excluded from the Business Profits Article of the DTA (Australia*, Pakistan, South Korea, Sweden and Taiwan), the income will be subject to tax at the prevailing corporate tax rate regardless whether the services were provided through a PE in Singapore.

*With effect from 1 May 2018, the income derived by a non-individual (e.g. company) tax resident in Australia from the provision of services in Singapore through employees or other personnel engaged by the non-individual would be considered as profits of an enterprise and Articles 4 and 5 would be the applicable articles. Consequently, the service income will only be subject to tax in Singapore if the provision of services constitutes a PE in Singapore under the provisions of Article 4 of the Singapore-Australia DTA. This means that no withholding tax is applicable on the service income if there is no PE in Singapore. For more information, please refer to footnote 1 of Article 2 of the DTA which documents the mutual agreement reached by the competent authorities of Singapore and Australia.

Permanent Establishment (PE) is defined for in DTAs e.g. in Article 4 of Australia DTA and Article 5 of China DTA.

Please refer to “File Withholding Tax” in our IRAS website on how to report $45 withholding tax, claim for relief from Singapore income tax under the DTA and the documents to submit.