



# Companies' Corporate Income Tax Obligations for Year of Assessment 2022



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Oct 2022

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# Agenda

**Corporate Income Tax Filing Obligations**

**Corporate Income Tax Digital Services**

**Basic Corporate Income Tax Rules**

**Q & A**

# House Rules

- 1 Add your company's name in front of your name (e.g. Fraser – John Doe).
- 2 No recording is allowed during the webinar.
- 3 Mute your microphone throughout the webinar.
- 4 Turn off the camera to optimise bandwidth.
- 5 Be respectful to the trainer, administrative staff, and other participants.
- 6 Post seminar-related questions during the Q&A session (via Mentimeter), and we will respond to as many questions as time permits. Do not use the chat function to post your questions.



# Corporate Income Tax Filing Obligations

# Corporate Income Tax Filing Obligations

## Responsibilities of a Company:

- ✓ Keep proper business records and accounts
- ✓ Comply with the submission of Corporate Income Tax Returns
- ✓ Make truthful and accurate declaration of income
- ✓ Be responsible for all declarations made, notwithstanding that it has engaged the services of tax agents



**Watch our e-Learning video:**

[Corporate Tax Filing Obligations](#)



# Introduction to Corporate Income Tax

A company's income is assessable on a **preceding** financial year basis.

## Year of Assessment (YA)

Year in which income tax is charged  
Current YA is YA 2022

## Basis Period for a YA

The period of income relevant to the YA  
E.g., 1 Jan 2021 to 31 Dec 2021 (YA 2022)  
1 Apr 2020 to 31 Mar 2021 (YA 2022)  
1 Jul 2021 to 30 Jun 2022 (YA 2023)

# Start Right: Maintaining Proper Records



- Companies are required to keep proper business records and accounts
  - Regardless of whether the tax assessment is finalised, records have to be kept and retained for at least 5 years
  - E.g. Records for period 1 Jul 2020 to 30 Jun 2021 (YA 2022) should be kept up to 31 Dec 2026



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Basics of Corporate Income Tax > Record Keeping Requirements](#)



# Start Right: Maintaining Proper Records (cont.)

- You are encouraged to use Accounting Software as it improves record-keeping and tax compliance
- You can also use the information captured in the software for your business operations
- **[IRAS' Accounting Software Register Plus](#)** lists the software that enables taxpayers to fulfil their tax obligations seamlessly.



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Who We Are > What We Do > Digital Collaboration > IRAS Accounting Software Register Plus](#)



# Seamless Filing from Software (#SFFS)

- Seamless Filing from Software (#SFFS) enables [qualifying companies](#) and their tax agents to prepare and file Form C-S to IRAS directly from software at the click of a button
- Companies and tax agents that adopt #SFFS for Form C-S can enjoy the following benefits:
  - Save more than 95% of the time needed to prepare and file Form C-S from over 8 hours to under 15 mins
  - Reduce potential transposition errors by eliminating the need for manual data entry in myTax Portal
  - Improve the accuracy of Form C-S returns with software features such as pre-filing of tax data
- Software that have successfully connected with the IRAS' system to file Form C-S and GST Returns seamlessly as well as with e-invoicing capabilities will attain the Accounting Software Register Plus (ASR+) Tier 3 status. The Tier 3 Software include:

Company	Accounting Software
Autocount (S) Pte Ltd	AutoCount Accounting V2.0
Xion.AI Pte Ltd	Xion.AI
Netiquette Software Pte Ltd	Netiquette Cloud Business Suite

# Seamless Filing from Software (#SFFS) (cont.)

- Companies may tap on the following support schemes for the purchase of their accounting software:
  - **Start Digital Pack** offered by the Infocomm Media Development Authority (IMDA) to support SMEs in building their foundational digital capabilities with easy-to-deploy solutions. SMEs can sign up for accounting software and receive 6 months of fee waivers (or equivalent), after which SMEs would pay for the solutions as per the Start Digital partners' rates and contractual terms.
  - **Productivity Solutions Grant** offered by the Enterprise Singapore (ESG) to support companies that are keen on adopting IT solutions and equipment to enhance business processes. The maximum funding support is up to 70% on the purchase of pre-approved IT solutions with effect from 1 Apr 2022. For eligible pre-scoped solutions, the enhanced support level of up to 80% will be extended from 1 Apr 2022 to 31 Mar 2023 for Food Services and Retail sectors.



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg)** for more information, including the list of accounting software providers that offer the seamless filing solution:

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Using Accounting Software to Prepare and File Form C-S Seamlessly](#)



# Failing to Keep Proper Records



- Failure to keep proper records is an **offence** under the **Income Tax Act 1947/ GST Act 1993** and could result in:
  - IRAS exercising best judgment to estimate the income earned
  - Claims for expenses, capital allowances or GST input tax being disallowed
  - Imposition of penalties

# Filing of Corporate Income Tax Returns

2 Corporate Income Tax Returns must be filed each year:

	To file <sup>^</sup>	By the filing due date
1	Estimated Chargeable Income (ECI)*	Within 3 months after financial year end (FYE)
2	Form C-S/ Form C-S (Lite)/ Form C	30 Nov

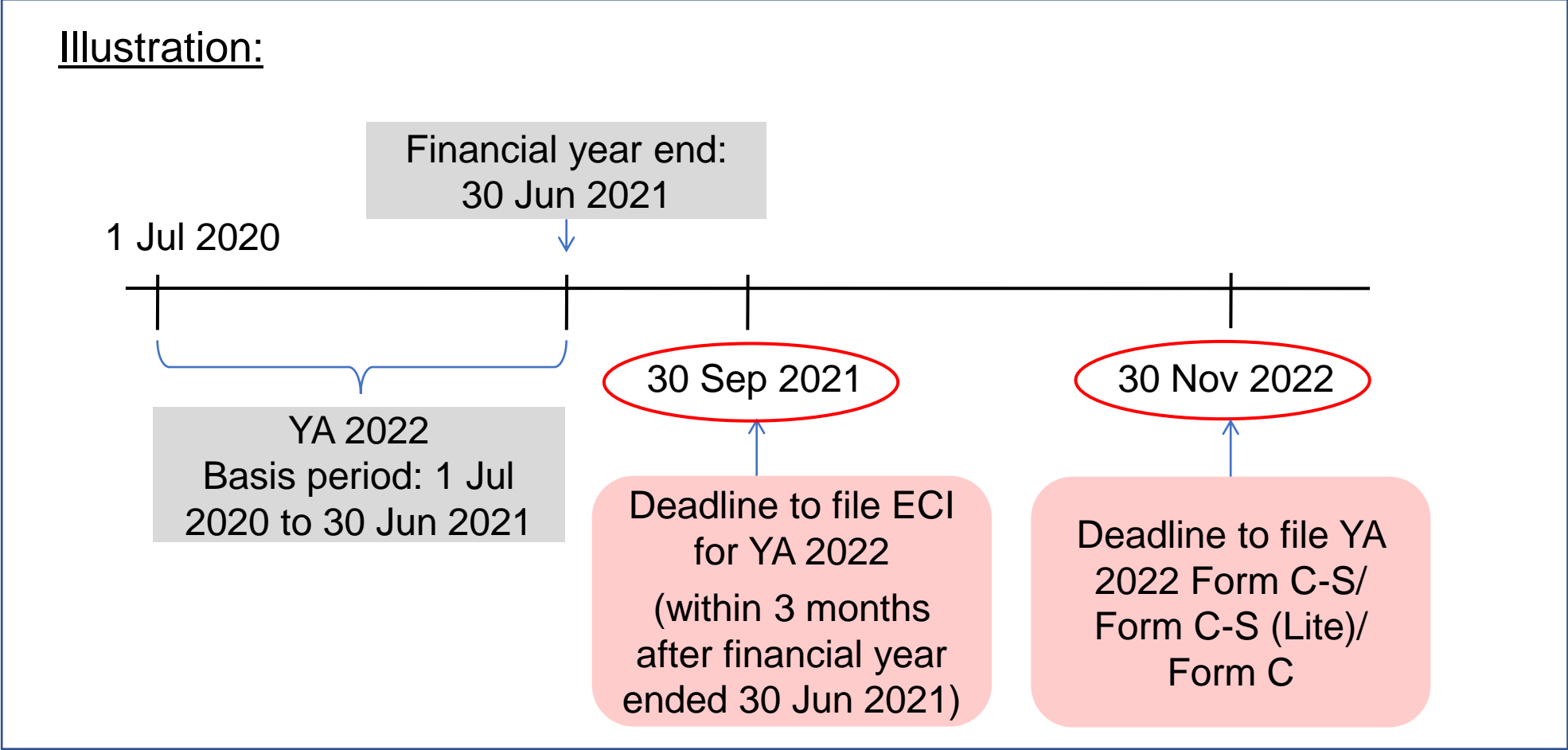
\* *Waiver to file ECI: Companies will qualify for ECI waiver if their annual revenue is  $\leq$  \$5 million **and** ECI is NIL*

- Companies that meet both criteria do not need to file their ECI for that particular YA, even though the company's ECI filing status for the YA at [mytax.iras.gov.sg](http://mytax.iras.gov.sg) shows "Ready to File". There is no need to contact IRAS nor seek a confirmation that you need not file*

<sup>^</sup> *If you require technical assistance, please refer to our [FAQs](#)*

# Filing of Corporate Income Tax Returns - Timeline

Illustration:



# Guidance for New Companies

- Visit our [Basic Guide to Corporate Income Tax for Companies](#) to find out about:
  - Filing obligations of a company (i.e. forms to submit, deadlines)
  - How to determine income taxable for the period
  - FAQs by companies



**Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):**

[Taxes > Corporate Income Tax > Basics of Corporate Income Tax > Basic Guide to Corporate Income Tax for Companies](#)



# Guidance for New Companies (cont.)



- Access our [New Company Start-Up Kit](#), an interactive toolkit to help new companies better understand their first filing obligation



**Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):**

[Taxes > Corporate Income Tax > Basics of Corporate Income Tax > New Company Start-Up Kit](#)



# When and How to Pay Your Tax



- Companies must pay the tax stated in the Notice of Assessment (NOA) **within 1 month** from the date of the NOA
- E.g. **Date of NOA:** 1 Jul 2022  
**Payment due date:** 1 Aug 2022

# When and How to Pay Your Tax

- Singapore registered companies that are on [GIRO](#) qualify to pay the estimated tax on their ECI by instalments
- The earlier the company files its ECI, the greater the number of instalments it can enjoy.

ECI e-Filed By	No. of Instalments Given
26 <sup>th</sup> of 1st month from financial year end	10
26 <sup>th</sup> of 2nd month from financial year end	8
26 <sup>th</sup> of 3rd month from financial year end	6
After 26 <sup>th</sup> of 3rd month from financial year end	0



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Home](#) > [Quick links](#) > [Payments](#) > [Corporate Income Tax](#)



# Non-Filing of Corporate Income Tax Returns

## **If a company fails to file a return by the due date, IRAS may:**

- Estimate the company's income and issue an assessment
  - Payment has to be made within 1 month from the date of the NOA
  - Any objection to the assessment will be reviewed only upon filing of the tax return
- Impose a composition fee not exceeding \$5,000
- Summon the company or director to Court

## **If the company fails to file a return for 2 years or more, a summon may be issued and upon conviction, the company may be ordered to pay:**

- A penalty that is twice the amount of tax that IRAS may have assessed for that YA
- A fine of up to \$5,000



**Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):**

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Late or Non-Filing of Form C-S/ Form C-S \(Lite\)/ Form C](#)





# Corporate Income Tax Digital Services

# Corporate Income Tax Digital Services at mytax.iras.gov.sg

Types of Digital Services	
<b>For Tax Agents</b>	<ul style="list-style-type: none"> <li>• Overview of clients' Corporate Income Tax matters</li> <li>• Perform transactions on behalf of clients</li> <li>• View latest correspondences/ notices issued</li> </ul>
<b>Filing</b>	<ul style="list-style-type: none"> <li>• File Estimated Chargeable Income (ECI)</li> <li>• File Corporate Income Tax Return (Form C-S/ Form C-S (Lite)/ Form C, Dormant Company)</li> <li>• Section 45 (Withholding Tax) Digital Services</li> </ul>
<b>Revising/ Objecting</b>	<ul style="list-style-type: none"> <li>• Lodge an objection to the Notice of Assessment or make amendments to the ECI and Form C-S/ Form C-S (Lite)/ Form C filed</li> </ul>
<b>Applications</b>	<ul style="list-style-type: none"> <li>• Apply for Certificate of Residence (COR)</li> <li>• Apply for Waiver/ File last Form C-S/ C (Dormant/ Striking Off)</li> </ul>
<b>Viewing Communications/ Status</b>	<ul style="list-style-type: none"> <li>• View Corporate Income Tax Notices/ Letters</li> <li>• View Corporate Income Tax Filing Status</li> <li>• View Donations</li> <li>• View Officer-in-charge</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>• Payment via internet banking</li> </ul>
<b>Updating Corporate Details</b>	<ul style="list-style-type: none"> <li>• Update company's particulars and contact details</li> <li>• Update Notice Preferences</li> </ul>

# How to Access mytax.iras.gov.sg

- You must first be authorised by the company to act for its Corporate Income Tax matters via [Corppass](#)
- For assistance on Corppass setup, please refer to our [step-by-step guides](#) for guidance



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg) for assistance on Corppass setup:**

[Digital Services > Companies/ Tax Agents](#)



# How to Access mytax.iras.gov.sg (cont.)

1) Go to [mytax.iras.gov.sg](https://mytax.iras.gov.sg) and log in with your Singpass.

**Announcement:** Beware of malware stealing login credentials saved in internet browsers. We are aware of malware stealing user IDs and passwords saved in browsers. Stay vigilant against malicious emails that can infect devices with malware. Keep software and security patches up-to-date. Never disclose your passwords and 2FA details to others.

myTax Portal will not be available on 28 Aug 2022 (Sun), 2:00 AM to 5:30 PM (Singapore time). We apologise for any inconvenience caused.

Login to **myTax Portal**

- Personal Tax
- Business Tax
- Tax Agent Login
- Stamp Duty

> Client Notice of Transfer  
> Request Singpass/ Corppass

**Greater Convenience with Digital Notices**  
With digital notices, you can access and view your notices via myTax Portal any time!  
> More Announcements

**GIRO**  
Sign up for GIRO to enjoy up to 12 monthly interest-free instalments, or opt for once-a-year deduction.

2) Click on **Corporate Tax** and select the relevant digital service.

Overview Corporate Tax GST Employers More

Last login on Friday, 02

- Access Company Dashboard
- Apply for Certificate of Residence (COR)
- Apply for Waiver/ File last Form C-S/ C (Dormant/ Striking Off)
- File FCI
- File Form C-S/ C**
- Revise/ Object to Assessment

**Note**  
The company/ bu  
By post to your com  
• Corporate Tax pa

- Submit Document
- View Corporate Tax Filing Status
- View Donations
- View Late Filing Fee/ Summons
- Request Extension of Time to File

Tax Filing Status

**Corporate Tax**

1 - 8 of 8 Record(s) [Show more years](#)

Form	Year of Assessment	Status	Date Due	Date Received	Actions
Form C	2022	Ready to File	30 Nov 2022		<a href="#">E-FILE</a>
Additional Information	2022	Ready to File	30 Nov 2022		
Financial Statements	2022	Ready to File	30 Nov 2022		
Tax Computation	2022	Ready to File	30 Nov 2022		



# Filing Digital Services



**Form C-S/** Form C-S (Lite)  
/ Form C

# Filing of Form C-S at [mytax.iras.gov.sg](http://mytax.iras.gov.sg)

**Form C-S** is a simplified Corporate Income Tax Return for qualifying small companies

- You are NOT required to file financial statements, tax computation and supporting schedules with Form C-S, but you still need to prepare and submit them to IRAS upon request
- Companies claiming writing-down allowances for Intellectual Property Rights under Section 19B are required to file the Declaration Form\* with IRAS at the time of lodgment of the Form C-S
  - Please file the Declaration Form with IRAS via the 'Submit Document' digital service at [mytax.iras.gov.sg](http://mytax.iras.gov.sg)

*\* To obtain the Form, please download it from the IRAS' website at [iras.gov.sg](http://iras.gov.sg)*

*[Home](#) > [Quick Links](#) > [Forms](#) > [Companies](#)*

# Qualifying Conditions for Filing Form C-S

<b>The company must:</b>	<b>The company must not claim any of the following:</b>
<ul style="list-style-type: none"><li>• Be incorporated in Singapore</li><li>• Have an annual revenue* of <b>\$5 million</b> or below</li><li>• Derive only income taxable at 17%</li></ul>	<ul style="list-style-type: none"><li>• Carry-back of Current Year Capital Allowances/ Losses</li><li>• Group Relief</li><li>• Investment Allowance</li><li>• Foreign Tax Credit and Tax Deducted at Source</li></ul>

*\* Revenue of a company refers to the main income source of the company excluding separate source income such as interest*



Form C-S/ **Form C-S (Lite)**  
/ Form C

# Filing of Form C-S (Lite) at [mytax.iras.gov.sg](https://mytax.iras.gov.sg)

**Form C-S (Lite)** is a simplified Corporate Income Tax Return comprising only 6 essential fields to be completed for companies with straightforward tax matters

- Companies that qualify to file Form C-S and have an annual revenue of \$200,000 or below have the option to file Form C-S (Lite)
- Similar to Form C-S, you are NOT required to file financial statements, tax computation and supporting schedules with Form C-S (Lite) but you still need to prepare and submit them to IRAS upon request



**Refer to IRAS' website at [iras.gov.sg](https://iras.gov.sg):**

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Overview of Form C-S/ Form C-S \(Lite\)/ Form C](#)



# Filing of Form C-S (Lite) at [mytax.iras.gov.sg](https://mytax.iras.gov.sg) (cont.)

1) Input the company's **revenue** figure under Form C-S at the "Form Type" selection at [mytax.iras.gov.sg](https://mytax.iras.gov.sg), then click "E-FILE"

2) If the revenue figure entered is **\$200,000 or below**, the company will be presented with the option to file Form C-S (Lite). Click "FORM C-S (LITE)"

File Form C-S/ C

## Form Type Selection

Year of Assessment 2022

Choose only one form type to begin filing.

Form Type	Description
Form C-S	<p>Simplified Income Tax Return for Singapore-incorporated companies that meet all the following conditions:</p> <p><b>Note:</b> Please input the company's revenue below. If the company's revenue is S\$200,000 or below, you will be presented with the option to e-file Form C-S (Lite).</p> <p>1. Have revenue of S\$5 million or below; <b>Revenue*</b> (as stated in the financial statements for period ending in 2021) S\$ <input type="text"/></p> <p>2. Derive only income taxable at normal corporate tax rate; and</p> <p>3. Not making <b>certain claims/ allowances</b>.</p>

Year of Assessment 2022

Choose only one form type to begin filing.

Form Type

Form C-S

Option to file Form C-S or Form C-S (Lite)

The company has the option to file Form C-S (Lite) as its revenue is \$200,000 or below.

There are fewer fields to complete in Form C-S (Lite) compared to Form C-S.

Please choose a form to proceed with filing.

FORM C-S    FORM C-S (LITE)



Form C-S/ Form C-S (Lite)  
/ **Form C**

# Filing of Form C at [mytax.iras.gov.sg](https://mytax.iras.gov.sg)

Companies that do not meet the conditions to file Form C-S or Form C-S (Lite) will have to file Form C together with the:

- Financial statements
- Detailed profit and loss statement
- Tax computation
- Supporting schedules

# Tips on Filing Form C



For softcopies that are not in PDF format, convert them to PDF format using a software convertor (e.g. PrimoPDF)



Ensure that hardcopy documents are scanned into PDF format and the images are clear



Use font size of at least 11 for your attachments



When reducing file size of attachments, the recommended resolution is 100dpi black and white

**Note:** Do NOT submit your revised tax computations for past YAs together with the current year filing (i.e. YA 2022). Please submit it using the “Revise/ Object to Assessment” digital service at [mytax.iras.gov.sg](https://mytax.iras.gov.sg)



**Refer to IRAS' website at [iras.gov.sg](https://iras.gov.sg):**

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Guidance on Filing Form C-S/ Form C-S \(Lite\)/ Form C](#)



# Preparing a Tax Computation



Companies should prepare their tax computations before filing Form C-S/ Form C-S (Lite)/ Form C

- A tax computation is a statement showing the tax adjustments to the accounting profit to arrive at the income that is chargeable to tax
- Tax adjustments include non-deductible expenses, non-taxable receipts, further deductions and capital allowances



You may use the [Basic Corporate Income Tax Calculator](#) that is available on IRAS' website to help you with your tax computation



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Preparing a Tax Computation](#)





# Revising/ Objecting Digital Services

# Objecting to Your Notice of Assessment (NOA)



- Companies that do not agree with the tax assessment raised by IRAS must file the objections within **2 months** from the date of the NOA
- E.g. Date of NOA: 1 Apr 2022  
Company will have to object to the NOA by 1 Jun 2022
- If no objections are received within that period, the assessments will be treated as final



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > After Filing Form C-S/ Form C-S \(Lite\)/ Form C](#)

**Watch our e-Learning video:**

[Corporate Tax Filing Obligations > Objecting to your NOA \(@ 8:32 min\)](#)



# Objecting to Your Notice of Assessment (NOA) (cont.)

File your objection using the “Revise/ Object to Assessment” option at [mytax.iras.gov.sg](https://mytax.iras.gov.sg) and provide the following details (where applicable):

- Year of Assessment
- Date of NOA
- Description of the item(s) under objection
- Amount of income/ deduction for each item under objection
- Reason to explain why deduction/ allowance/ relief ought to be allowed
- Reason why income should not be subject to tax
- Details on voluntary disclosure of errors
- Original and/ or revised tax computation and supporting schedules
- Original and/ or revised financial statements, with detailed profit and loss statement





# Updating Corporate Details Digital Services

# Keeping Your Company's Particulars Up-To-Date

## Particulars that must be kept up-to-date:

- Contact details
- Business activity (i.e. SSIC Code)
- Address of the company's registered office
- Company's financial year end (FYE)
- Functional currency
- [Notice preference](#) (to receive either email notifications or paper notices)

## Why is it important to keep these details up-to-date?

- Business activity (i.e. SSIC Code) may be used for tax assessment purposes
- All Notices will be sent based on the company's notice preference
- IRAS' record of your company's FYE can affect:
  - Our record of your ECI due date
  - Our record of whether the company can be accorded the Tax Exemption for New Start-Up Companies

# How to Change Your Company's Particulars

- Company's staff or tax agent who has been authorised with an "Approver" role can log in to [mytax.iras.gov.sg](https://mytax.iras.gov.sg) to update the company's:
  - Contact details (i.e. name of contact person, telephone number and email address)
  - Functional currency
  - Notice preference
- These particulars will be updated immediately upon successful submission. For changes in notice preference, the changes will take effect within 7 days



# Company's Business Activity (i.e. SSIC Code)

- If the company's principal activity has changed such that its business activity (i.e. SSIC Code) is different from that provided to ACRA at the point of incorporation, please:
  - Update the company's new business activity with ACRA via [BizFile+](#)
  - Email IRAS via [myTax Mail](#) to inform us of the company's new business activity and the effective date of change together with a copy of the Business Profile extracted from ACRA's [BizFile](#)



# Company's Registered Address and Financial Year End

- View your address and financial year end at the “Update Corporate Profile/ Contact Details” digital service at [mytax.iras.gov.sg](https://mytax.iras.gov.sg)
- If the address is not that of your company's registered office/ there is a change in your company's financial year end:
  - You will need to inform ACRA via [BizFile+](#) on the change in the company's particulars
  - There is no need to inform IRAS separately. IRAS updates its records based on the information filed with ACRA on a weekly basis
  - However, for urgent updating of address by IRAS, you may email us via myTax Mail with these details:
    - Company's tax reference number
    - Company's name
    - Company's new address that has been updated with ACRA





# Basic Corporate Income Tax Rules



Income

# Taxable Income

## Income tax is payable on:

1) Singapore-sourced Income	2) Remitted Foreign-sourced Income
Income accruing in or derived from Singapore	Income received in Singapore from outside Singapore
E.g. Trade income of a company carrying on business in Singapore	E.g. Interest income from a foreign bank outside Singapore that is remitted to Singapore



Watch our e-Learning video:

[Taxability of Income](#)



# Remitted Foreign-Sourced Income

## Deemed Remittance under Section 10(25)\* of the Income Tax Act 1947:

- Income from outside Singapore is considered received in Singapore when it is:
  1. Remitted to, transmitted or brought into Singapore;
  2. Used to pay off any debt incurred in respect of a trade or business carried on in Singapore (e.g. making payment to your business vendors); or
  3. Used to purchase any movable property brought into Singapore (e.g. purchasing of equipment or raw materials connected to your business)

*\* Section 10(25) will be applied to tax foreign income received in Singapore only if the income belongs to an entity that is located in Singapore*



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Taxable & Non-Taxable Income](#)



# Taxation of Foreign-Sourced Income

- Foreign-sourced income may also have been subjected to tax in the foreign jurisdiction
  - In the foreign jurisdiction, the tax on that income may be reduced or exempted based on an Avoidance of Double Taxation Agreement (DTA) entered into between Singapore and that foreign jurisdiction
  - A Certificate of Residence is usually required by the foreign jurisdiction's tax authorities to prove that the Singapore company is a Singapore tax resident in order for the DTA provisions to be applied



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Companies Receiving Foreign Income > Claiming Benefits under Avoidance of Double Tax Agreements > Applying for Certificate of Residence](#)



- When remitted into Singapore, the foreign-sourced income will be subject to tax in Singapore
  - Foreign-sourced income exemption (FSIE) may apply, if certain conditions are met
  - If FSIE does not apply, you may claim foreign tax credit in your Form C to reduce or eliminate double taxation

# Singapore's Avoidance of Double Taxation Agreement (DTA) Network

- A DTA is an agreement concluded between Singapore and a foreign jurisdiction. It relieves double taxation of income earned in one jurisdiction by a resident of the other jurisdiction, provides reduction or exemption of tax on certain types of income and provides a tax dispute resolution mechanism where taxpayers could avail themselves to when they are not taxed in accordance with the provisions of the DTA
- Singapore has signed DTAs with around 100 jurisdictions
- Our wide DTA network includes Brazil, China, France, Germany, India, Japan, United Kingdom, and all ASEAN countries



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > International Tax > List of DTAs, Limited DTAs and EOI Arrangements](#)

**Further explanations are provided in IRAS' e-Tax Guide:**

[Quick Links > e-Tax Guides > Avoidance of Double Taxation Agreements \(DTAs\)](#)



# Unremitted Foreign-sourced Income



- Unremitted foreign-sourced income is to be:
  - **Disclosed** in tax computation schedule
  - **Tracked** in relation to the:
    - YA in which the income is earned
    - YA in which the income is remitted
    - Expenses attributable to the income

# Revenue vs Capital Receipts

	Revenue Receipts (i.e. Income)	Capital Receipts (i.e. Capital Gains)
<b>Explanation</b>	Receipts from the disposal or destruction of circulating capital	Receipts from the disposal or destruction of fixed capital
<b>Distinguishing between circulating capital and fixed capital</b>	Circulating capital refers to assets that are acquired or made in the ordinary course of trade and is sold for a profit	Fixed capital refers to assets that form part of the permanent structure of the business
<b>Taxability</b>	Taxable	Not taxable
<b>Example</b>	Sale of trading stock or raw materials	Sale of premises or machinery

# Badges of Trade

For a sale of asset/ property, the following factors are considered when determining whether a trade exists, and hence whether there is taxable income.

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors



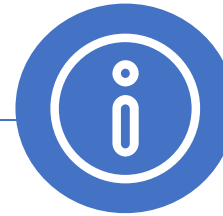
**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Taxable & Non-Taxable Income](#)



# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors

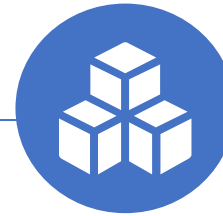


**Note:**

- All the factors are taken into consideration when determining whether a trade exists.
- No single factor is conclusive.
- The badges of trade only apply when a sale of asset/ property is involved and not when companies perform services in return for payment.

# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors

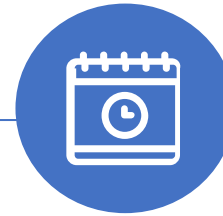


This refers to the nature of the asset/ property that is bought and then sold.

Some assets (e.g. commodities, manufactured items) are normally regarded as the subject of trading while others are less likely to be regarded as trading when they are not bought in quantity (e.g. antiques, art work).

# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors



This refers to the holding period of the asset/ property in question.

The shorter the holding period, the more likely it is regarded as held for trading.

# Badges of Trade (cont.)

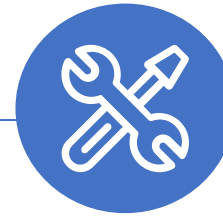
1. Nature of the subject matter
2. Length of ownership
- 3. Frequency of transactions**
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors



A high frequency of similar transactions is more indicative of trading than an isolated transaction.

# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
- 4. Supplementary work**
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors



This refers to additional work done on the asset/ property in question to make it more marketable or extra effort made to find or attract purchasers.

If this is done, it is more likely that the subsequent disposal is regarded as trading.

# Badges of Trade (cont.)

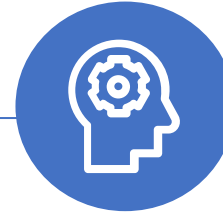
1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
- 5. Circumstances of the realisation**
6. Motive
7. Mode of financing
8. Other factors



Some circumstances are less likely to indicate trading (e.g. company is forced to sell the property in question due to compulsory acquisition, sudden urgent need of cash or threat of foreclosure by creditors).

# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
- 6. Motive**
7. Mode of financing
8. Other factors



This refers to whether there was an intention to trade or income-seeking motive at the time of the acquisition of the asset/property in question.

# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
- 7. Mode of financing**
8. Other factors



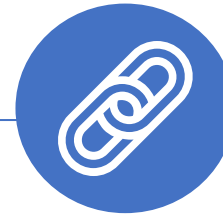
This refers to how the purchase of the asset/ property in question is financed.

Short-term financing is more indicative of trading than long-term financing.

The company's financial position and ability to hold on to the property is also taken into consideration.

# Badges of Trade (cont.)

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors



Other factors include whether there were any feasibility studies conducted, the accounting treatment of the company, the availability of documentation or other evidence maintained by the company to indicate its intention.



# Deductibility of Expenses

# Deductions Against Income

To qualify for tax deduction, **ALL** the conditions must be met:



Expenses must be **wholly and exclusively incurred** in the production of income



Expenses must be **revenue** in nature (e.g. normal day-to-day operating expenses)



Expenses must be **incurred** (i.e. not contingent liability or estimated amount)



Deduction **must not be prohibited under the Income Tax Act 1947** (e.g. private plated car expenses even if incurred for business purposes)

# Examples of Non-Deductible Expenses

## Private and Domestic Expenses

- Not incurred for business
- E.g. Directors' private expenses on entertainment or vacation

## Capital Expenditure

- E.g. Expenses incurred in acquiring capital assets or expenses to incorporate a company



Watch our e-Learning video:

[Deductibility of Expenses](#)





# Pre-Commencement Expenses

# Expenses incurred before Commencement of Business (“Pre-Commencement Expenses”)

- Generally, pre-commencement expenses are not deductible as they are not incurred in the production of income. They are incurred before the company begins generating revenue.
- A business is treated as having commenced business on the first day of the same financial year in which it earns its first dollar of business receipt (i.e. deemed date of commencement of business). Revenue expenses incurred 1 year before the deemed commencement date are also allowed deduction\*.

\* Does not apply to Section 10D companies

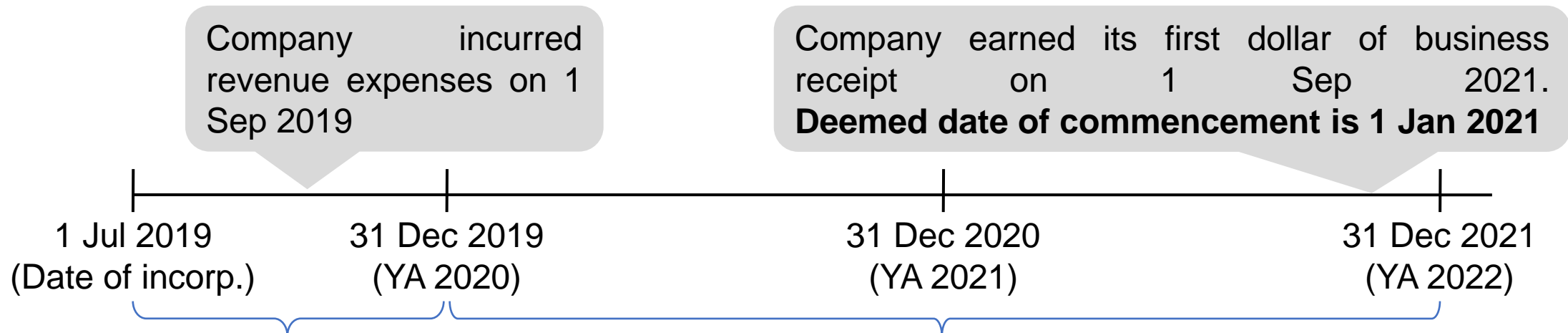
What is a Section 10D company?

- Principal activity is that of carrying on a business of making investments (e.g. a business of letting immovable properties such as shopping malls or service apartments).
- Investment income is assessable as trade source under Section 10(1)(a), subject to Section 10D restriction (e.g. expenses are only deductible against income derived from such investment; excess expenses will be disregarded).

For more information, refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg): [Quick Links > e-Tax Guides > Ascertainment of Income from Business of Making Investment](#) or watch our e-Learning video: [Tax Deductibility of Pre-commencement Expenses](#).

# Pre-Commencement Expenses

Example of company with financial year ending on 31 Dec:



Revenue expenses incurred from:

- 1 Jul 2019 to 31 Dec 2019 (YA 2020) – **not** deductible

Revenue expenses incurred from:

- **1 Jan 2020 to 31 Dec 2020** (YA 2021) – treated as incurred on 1 Jan 2021 and deductible in YA 2022, as expenses were incurred 1 year before the deemed date of commencement
- **1 Jan 2021 to 31 Dec 2021** (YA 2022) – Deductible as business is treated as having commenced on 1 Jan 2021

# Summary of Pre-Commencement Expenses

Revenue Expenses Incurred	Tax Deductibility
<b>During the financial year</b> in which company earns its first dollar of business receipt	Tax deductible
<b>1 year before the first day of the financial year</b> in which the company earns its first dollar of business receipt	Tax deductible  The revenue expenses are treated as incurred on the deemed date of commencement of business



Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Business Expenses > Tax Treatment of Business Expenses \(A – F\) > Expenses Incurred Before Commencement of Business](#)





# Interest Expenses

# Overview of Interest Expense Deduction

- Interest expense is deductible under Section 14(1) if it is incurred on a loan that is revenue in nature
  - E.g. Loan is used to purchase trading stock
- If the interest expense is incurred on capital employed in acquiring the income, it is deductible under Section 14(1)(a)
  - E.g. Manufacturer uses loan to purchase a factory to make goods for sale
- If the company is unable to identify any specific purpose/ use for the loan, the part of interest relating to non-income producing assets is not tax deductible



# Overview of Interest Expense Deduction (cont.)

Examples of non-deductible interest expenses:

- Interest expenses attributable to the period before the commencement of business
- Interest expenses attributable to non-income producing assets such as:
  - Vacant properties acquired for long-term investment
  - Investments in shares/ securities which have not yielded dividends or yield dividends that are not taxable\*
  - Interest-free loan or amount due from non-trade/ sundry debtors
  - Interest free loan or amount due from related companies (non-trade)

*\* For example, one-tier or exempt dividends from passive investments are not taxable. Hence, the interest expense directly attributable to these dividends are not tax deductible. In addition, it cannot be deducted against other sources of income*

# Total Asset Method for Common Interest Expense

## Total Asset Method (TAM)

- Common interest expense refers to interest expense other than those arising from loans taken to fund specific assets
- Use TAM as a proxy method to ascertain common interest attributable to non-income producing assets to be disallowed
- Underlying assumption: Specific and common interest expenses are incurred to finance the cost of total assets regardless of whether the assets are income producing or not

- Common interest expense to be disallowed:

$$\frac{\text{Cost of non-income producing assets as at B/S date}^*}{\text{Cost of total assets}^\wedge \text{ as at B/S date}} \times \text{Common interest expense}$$

\* B/S: Balance sheet as at the relevant financial year end

^\wedge Cost of total assets excludes cost of assets financed by specific interest bearing loans

# Total Asset Method for Common Interest Expense (cont.)

## Note:

- Interest expense adjustment is not required for interest-free loan or amount owing by directors, as it constitutes staff cost for the company
- These interest-free benefits:
  - Are taxable as employment benefits and must be included in the directors' Form IR8A
  - Can be calculated by multiplying the interest-free loan due from each director as at the Balance Sheet date with the average prime lending rates\*

\* Please refer to the [Monetary Authority of Singapore's \(MAS\) website](#) for the prime lending rates



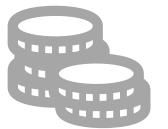
**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Quick Links > e-Tax Guides > Income Tax: Total Asset Method for Interest Adjustment](#)



# Interest on Refinanced Loans

- Where a re-financing loan is taken out and the money from the loan is used **solely** to repay an existing loan, the characterisation of the re-financing loan (i.e. whether it is a revenue or capital loan) follows that of the loan that was repaid. The tax treatment of interest incurred correspondingly follows the nature of the loan
- Where a re-financing loan is NOT used solely to repay an existing loan, the deductibility of the interest expense on the portion of re-financing loan not used to repay the existing loan is determined by the purpose of the additional loan amount (i.e. whether the purpose of the additional loan amount is for a revenue or capital use)



# Borrowing Costs Other Than Interest Expenses

- **Prescribed borrowing costs** that are incurred as a substitute for interest expenses or to reduce interest costs are deductible if incurred on capital expenditure that produces taxable income
- Refer to the prescribed list of deductible borrowing costs in the [Annex](#) of the e-Tax Guide: Tax Deduction for Borrowing Costs Other Than Interest Expenses



Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):

[Quick Links > e-Tax Guides > Tax Deduction For Borrowing Costs Other Than Interest Expenses](#)





# Medical Expenses

# Medical Expenses

Deduction is capped at:

- **1%** of total employee remuneration; **or**
- **2%** of total employee remuneration if the company meets the following qualifying criteria:
  - Implemented and met qualifying conditions under Portable Medical Benefits Scheme (PMBS) or Transferable Medical Insurance Scheme (TMIS); or
  - Provided employees with inpatient medical insurance benefits in the form of portable medical shield plans

If the company made ad-hoc contributions to its employees' MediSave accounts via CPF Board's Additional MediSave Contribution Scheme (subject to a cap of \$2,730 per employee per year), it will also enjoy the additional tax deduction beyond the 1% limit on the amount of ad-hoc MediSave contributions made, up to the higher medical expenses tax deduction limit of 2%.



**Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Business Expenses > Tax Treatment of Businesses Expenses \(M – R\) > Medical Expenses](#)

**Watch our e-Learning video:**

[Tax Deductibility of Medical Expenses](#)



# Medical Expenses (cont.)

## Total remuneration


- Includes:
  - Employees' salaries, allowances & bonuses
  - Directors' executive remuneration
  - CPF contributions
- Excludes:
  - Directors' fees
  - Medical expenses
  - Cash allowances in lieu of medical expenses benefits
  - Benefits-in-kind (e.g. accommodation, home leave passage, employee stock options provided by the employer, actual income tax borne by the employer)
  - Skills development levy (SDL)
  - Foreign worker levy (FWL)
  - Retrenchment payments made for the compensation of loss of employment

# Medical Expenses - Example

Total employee remuneration	\$100,000
Medical expenses incurred	\$2,500

	If company did <u>not</u> implement portable medical benefits	If company implemented portable medical benefits
Medical expenses deduction cap	1% of total employee remuneration	2% of total employee remuneration
Amount of deductible medical expenses	$\$100,000 \times 1\% = \$1,000$	$\$100,000 \times 2\% = \$2,000$
Amount of non-deductible medical expenses	\$1,500	\$500

For more examples, refer to Example 2 of Medical Expenses on [IRAS' website](#).



# Section 14N Deduction for Expenditure Incurred on Renovation or Refurbishment (R&R) Works

# Deduction for Expenditure Incurred on Renovation or Refurbishment (R&R) Works under Section 14N

- Tax deduction is granted evenly over **3 consecutive YAs** so long as the company continues to carry on that trade for which the R&R costs are incurred
- Subject to an **expenditure cap of \$300,000** for every relevant 3 consecutive YAs
- Qualifying expenditure must **not** affect structure of the business premises (i.e. do not require the approval of the Commissioner of Building Control)
- R&R expenditure does not qualify for capital allowances as it is not incurred for the provision of “plant or machinery”

As announced in Budget 2020 and 2021, for qualifying R&R expenditure incurred during the basis period for YAs 2021 and 2022, the company has the option to claim the deduction in 1 year instead of over 3 years. All other conditions remain the same.



# Deduction for Expenditure Incurred on Renovation or Refurbishment (R&R) Works under Section 14N (cont.)

Examples of qualifying expenditure (if they do not affect structure of the business premises):

- General electrical installation and lighting
- Kitchen and sanitary fittings
- Door and window
- Fixed partition
- Wall covering
- Flooring
- False ceiling and cornice



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Business Expenses > Tax Treatment of Businesses Expenses \(M – R\) > Renovation & Refurbishment Works Expenditure \(Section 14N\)](#)



# Deduction for Expenditure Incurred on Renovation or Refurbishment (R&R) Works under Section 14N (cont.)

- **Excludes expenditure** relating to structural changes made to business premises and any:
  - Designer fees or professional fees
  - Antique
  - Any type of fine art
  - Any works carried out in relation to a place of residence provided or to be provided to the company's employees
- Any unutilised amount forms part of adjusted loss
  - Available for [carry forward](#) and [carry back](#) relief, subject to the shareholding test
  - Available for transfer under the [group relief system](#), subject to qualifying conditions

# Deduction for Expenditure Incurred on Renovation or Refurbishment (R&R) Works under Section 14N (cont.)

Example: (Assuming that no R&R costs were incurred in the previous years)

	YA 2020	YA 2021	YA 2022
Total qualifying R&R costs incurred	\$90,000	\$120,000	\$150,000
Qualifying R&R costs	\$90,000	\$120,000*	\$90,000*
R&R claim	\$30,000 (\$90,000/ 3 years)	\$70,000 [\$30,000 + \$40,000 (\$120,000/ 3 years <sup>^</sup> )]	\$100,000 [\$30,000 + \$40,000 + \$30,000 (\$90,000/ 3 years <sup>^</sup> )]

\* In YA 2021, the amount of qualifying R&R costs to be allowed is \$120,000 (\$300,000-\$90,000) as the combined qualifying R&R costs for YA 2020 and YA 2021 are still within the qualifying expenditure cap of \$300,000 for the relevant 3-year period. In YA 2022, qualifying R&R costs to be allowed is capped at \$90,000 (\$300,000 - \$90,000 - \$120,000).

<sup>^</sup> For qualifying R&R costs incurred in YA 2021 and YA 2022, the company has the option to claim the deduction in 1 year instead of over 3 years.



# Capital Allowances

# Capital Allowances

- Capital allowances are given in place of depreciation and other capital expenditure, which are not tax-deductible
- Given on qualifying fixed assets bought and used for trade purposes
  - Exception: S-plated private passenger car
- Not granted on items that are part of setting or part of premises in which business is carried on
  - E.g. Windows, floor/ wall tiles, gates, stairs



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Claiming Allowances > Capital Allowances](#)



# Capital Allowances (cont.)

Examples of qualifying fixed assets:

- Carpet
- Electrical and electronic equipment (e.g. air-conditioning system, security/ alarm system, sprinkler system and electrical appliances)
- Furniture and fixtures
- Industrial plant and machinery
- Motorcycle and bicycle
- Motor vehicle (e.g. goods/ commercial vehicle such as lorry, truck and van)
- Movable partition
- Office equipment (e.g. computer, printer, photocopier, fax machine and telecommunication equipment)
- Blinds and curtain

# Types of Capital Allowances

How to calculate	Types of CA	Qualifying assets	Annual allowance (AA)
<b>Over working life of asset</b>	Section 19	<ul style="list-style-type: none"> <li>• Applies to all qualifying assets</li> <li>• Refer to Sixth Schedule of Income Tax Act 1947 for working life</li> </ul>	<ul style="list-style-type: none"> <li>• Initial allowance (IA) = 20% of cost</li> <li>• AA = (80% of cost) / No. of years of working life</li> </ul>
<b>3-year write-off</b>	Section 19A(1)	Applies to all qualifying assets	AA = 1/3 of cost
<b>2-year write off</b>	Section 19A(1E)	Applies to all qualifying assets acquired during YAs 2021 and 2022	<ul style="list-style-type: none"> <li>• In first year (i.e. YA 2021 or YA 2022): AA = 75% of cost</li> <li>• In second year (i.e. YA 2022 or YA 2023): AA = 25% of cost</li> </ul>

# Types of Capital Allowances (cont.)

How to calculate	Types of CA	Qualifying assets	Annual allowance (AA)
<b>1-year write-off</b> (for specific assets)	Section 19A(2)	<ul style="list-style-type: none"> <li>Computers</li> <li>Prescribed automation equipment listed in Income Tax (Automation Equipment) Rules 2004; and Income Tax (Automation Equipment) (Amendment) Rules 2010</li> </ul>	AA = 100% of cost
<b>1-year write-off</b> (only for low-value assets)	Section 19A(10A)	<ul style="list-style-type: none"> <li><b>Low-value assets</b></li> <li>Cost of each asset <b>not more than \$5,000</b></li> <li>Total claim for 1-year write-off of all such assets capped at <b>\$30,000 per YA</b></li> </ul>	AA = 100% of cost

# Example on Calculating Capital Allowances

Additions to fixed assets during YA 2022	Cost (\$)	3 years	1 year	Non-qualifying
Car SJX 222	90,000			✓
Renovations	30,000			✓ (may qualify as a Section 14N deduction)
Van GN 888	18,000	✓ <sup>^</sup>		
Computer	3,300		✓	
Filing cabinet	300		✓ <sup>*</sup>	

*\* Low-value assets qualify for 1-year write-off under Section 19A(10A) of the Income Tax Act 1947*

*^ For assets acquired during YAs 2021 and 2022, the company has the option to write-off the cost over 2 years instead of over 3 years.*

# Example on Calculating Capital Allowances (cont.)

## Capital Allowance Schedule:

Additions to fixed assets during YA 2022	No of years of working life brought forward	Cost	Tax written down value (TWDV) brought forward	Annual allowance (AA)	TWDV carried forward	No of years of working life carried forward
Van GN 888	3	\$18,000	-	\$6,000 (\$18,000/ 3)	\$12,000	2
Computer	1	\$3,300	-	\$3,300	-	-
Filing cabinet	1	\$300	-	\$300	-	-



Unutilised Capital Allowances (UCA),  
Unutilised Trade Losses (UL), Approved Donations and Unutilised Donations

# Unutilised Capital Allowances (UCA) & Unutilised Trade Losses (UL)

- UCA/ UL refer to capital allowances/ tax deductions respectively that could not be fully utilised as there was insufficient income to set off against
- UCA and UL may be carried forward to set off future income of company
- Conditions for claiming UCA and UL brought forward:

	Condition for claiming		Requirement
	UCA	UL	
Same business test	✓		No change in the company's principal activities
Shareholding test*	✓	✓	Percentage of shareholding of common shareholders as at 2 relevant dates are 50% or more

*\* The company may apply for a waiver of the shareholding test if there is a substantial change in the shareholders of the company. To grant the waiver, the Comptroller of Income Tax has to be satisfied that the substantial change in shareholders is not for deriving any tax benefit or obtaining any tax advantage.*

# Unutilised Capital Allowances (UCA) & Unutilised Trade Losses (UL) (cont.)

	Unutilised Item	First Relevant Date	Second Relevant Date
Definition of relevant dates	UCA	Last day of YA (31 Dec) in which CA arose	First day of YA (1 Jan) in which UCA is set off
	UL	Last day of Year (31 Dec) in which trade losses were incurred	First day of YA (1 Jan) in which UL is set off
Example of relevant dates for UCA and UL for financial year ended 31 Oct 2016 (YA 2017) to be set off against income in YA 2022	UCA	31 Dec 2017	1 Jan 2022
	UL	31 Dec 2016	1 Jan 2022



**Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):**

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Unutilised Items \(Capital Allowances, Trade Losses & Donations\)](#)



# Approved Donations

- Donations are **non-deductible expenses** as they are not incurred in the production of income
  - Add back donation amount to arrive at adjusted profit
- However, companies can claim deduction on donations made to approved Institutions of a Public Character (IPCs) or other approved recipients for Singapore charitable purposes
  - **Claim deduction of 2.5 times** the amount of donations made from 1 Jan 2016 to 31 Dec 2023
  - Companies are required to provide their tax reference number to an IPC to claim tax deduction on the donation made
  - View donations made to approved IPCs via the “View Donations” digital service at [mytax.iras.gov.sg](https://mytax.iras.gov.sg)



Refer to IRAS' website at [iras.gov.sg](https://iras.gov.sg):

[Taxes > Other Taxes > Charities > Donations & Tax Deductions](https://iras.gov.sg/Taxes/Other-Taxes/Charities/Donations-Tax-Deductions)



# Unutilised Donations

- Unutilised donations refer to donations that could not be fully utilised as there was insufficient income to set-off against
- Unutilised donations can **only be carried forward** and **for up to 5 years**
  - Example: Unutilised donations from YA 2016 must be disregarded in YA 2022
- Condition for claiming unutilised donations brought forward:

	Condition for claiming unutilised donations	Requirement
Shareholding test*	✓	Percentage of shareholding of common shareholders as at the 2 relevant dates are 50% or more

First Relevant Date	Second Relevant Date
Last day of year (31 Dec) in which donations were made	First day of YA (1 Jan) in which unutilised donations are to be deducted



# Common Tax Reliefs That Help Reduce The Tax Bills

- Partial Tax Exemption
- Tax Exemption for New Start-up Companies

# Partial Tax Exemption (PTE)

- PTE is granted on the first \$200,000 of normal chargeable income (i.e. chargeable income taxed at 17%):

Chargeable income	% Exempted from tax	Amount exempted from tax
First \$10,000	75%	\$7,500
Next \$190,000	50%	<u>\$95,000</u>
		<b>\$102,500 (maximum per YA)</b>



**Refer to IRAS' website at [iras.gov.sg](http://iras.gov.sg):**

[Taxes > Corporate Income Tax > Basics of Corporate Income Tax > Corporate Income Tax Rate, Rebates & Tax Exemption Schemes](#)



# Partial Tax Exemption (PTE) - Example

	Example 1		Example 2	
Chargeable Income (CI) before Exempt Amount		\$120,000		\$320,000
Less: Exempt Amount	First \$10,000 @ 75% = \$7,500 Next \$110,000 @ 50% = \$55,000	<u>(\$62,500)</u>	First \$10,000 @ 75% = \$7,500 Next \$190,000 @ 50% = \$95,000	<u>(\$102,500)</u>
Net CI after Exempt Amount		\$57,500		\$217,500
Tax Payable @ 17%		\$9,775		\$36,975



Declare CI before exempt amount  
(IRAS will automatically compute exempt amount)

# Tax Exemption Scheme for New Start-up Companies

- Granted to a **qualifying new company** for its first 3 consecutive YAs from its incorporation
- Exemption is granted on the first \$200,000 of normal chargeable income (i.e. chargeable income taxed at 17%):

Chargeable income	% Exempted from tax	Amount exempted from tax
First \$100,000	75%	\$75,000
Next \$100,000	50%	<u>\$50,000</u>
		<b>\$125,000 (maximum per YA)</b>

# Tax Exemption Scheme for New Start-up Companies (cont.)

## Qualifying conditions for the new start-up company:

- Be incorporated in Singapore
- Be tax resident in Singapore for that YA
  - A company is tax resident in Singapore if control and management of its business is exercised in Singapore
- Have not more than 20 shareholders beneficially and directly holding shares throughout the basis period for that YA where:
  - All shareholders are individuals; or
  - At least one shareholder is an individual holding at least 10% of the issued ordinary shares of the company



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Basics of Corporate Income Tax > Corporate Income Tax Rate, Rebates & Tax Exemption Schemes](#)



# Tax Exemption Scheme for New Start-up Companies (cont.)

- The following companies are not eligible for the tax exemption scheme:
  - 1) Property development companies**
    - Any company that undertakes property development for sale, investment, or both
  - 2) Investment holding companies**
    - A company whose principal activity is that of investment holding
    - Derives investment income such as rental, dividend or interest income
- Companies that do not qualify for this scheme are still eligible for the partial tax exemption



# How to Claim Tax Exemption

- To claim tax exemption, complete the relevant sections of the Corporate Income Tax Return:

## Form C (General Info)



### Form C

Click on the tabs to access the relevant pages in the Main Form.

<b>General Info</b>	Assessment 1	Assessment 2
Additional Info	Group Relief	Related Party Transactions

The company declares the following:

Does the company meet the criteria in Section 205C of the Companies Act 1967 which exempts its financial statements from being audited?\*  Yes  No  NA

Is the company claiming for Tax Exemption Scheme for New Start-Up Companies?\*  Yes  No

Has the company satisfied all conditions to qualify for the Tax Exemption Scheme for New Start-Up Companies?\*  Yes  No

## Form C-S (Part C)



### Form C-S

Year of Assessment 2022

<b>Part C - Information from Financial Statements</b>	S\$
<b>Tax Exemption Scheme for New Start-up Companies</b>	
35. Has the company satisfied all conditions to qualify for the tax exemption scheme for new start-up companies?*	<input type="radio"/> N.A. <input checked="" type="radio"/> Yes <input type="radio"/> No
<b>Deduction for Expenditure on Research and Development (R&amp;D)</b>	

## Form C-S (Lite) (Part C)



### Form C-S (Lite)

Year of Assessment 2022

<b>Part C - Information from Financial Statements</b>	S\$
<b>Tax Exemption Scheme for New Start-up Companies</b>	
26. Has the company satisfied all conditions to qualify for the tax exemption scheme for new start-up companies?*	<input type="radio"/> N.A. <input checked="" type="radio"/> Yes <input type="radio"/> No




# Common Errors Made in Form C

# Common Errors Made in Form C

1. Income Accruing in/ Derived from Singapore (before Exempt Amount)

1a. Trade/ Business Income/ Loss - Section 10(1)(a)

**Trade/ Business Income/ Loss:**

Adjusted Profit/ Loss 	xxx
Less: Unutilised Capital Allowances b/f	(xxx)
Current Year Capital Allowances	(xxx)
Unutilised Losses b/f	(xxx)
<b>Trade/ Business Income/ Loss</b>	<b>xxx</b>

- ✗ Enter sales or turnover figure
- ✓ Enter the adjusted profit/ loss after Unutilised Capital Allowances b/f, current year Capital Allowances and Unutilised Losses b/f

# Common Errors Made in Form C (cont.)

1. Income Accruing in/ Derived from Singapore (before Exempt Amount)

1a. Trade/ Business Income/ Loss - Section 10(1)(a)	<input type="text" value="0"/>
<b>Trade/ Business Income/ Loss:</b>	
Adjusted Profit/ Loss ⓘ	xxx
Less: Unutilised Capital Allowances b/f	(xxx)
Current Year Capital Allowances	(xxx)
Unutilised Losses b/f	(xxx)
<b>Trade/ Business Income/ Loss</b>	<b>xxx</b>

- ✗ Enter amount after deducting tax exempt amount under the Tax Exemption Scheme for New Start-Up Companies or Partial Tax Exemption for Companies
- ✓ Enter the amount before deducting tax exempt amount under the Tax Exemption Scheme for New Start-Up Companies or Partial Tax Exemption for Companies

# Common Errors Made in Form C (cont.)

1. Income Accruing in/ Derived from Singapore (before Exempt Amount)	
1a. Trade/ Business Income/ Loss - Section 10(1)(a)	<input type="text" value="0"/>
<b>Trade/ Business Income/ Loss:</b>	
Adjusted Profit/ Loss ⓘ	xxx
Less: Unutilised Capital Allowances b/f	(xxx)
Current Year Capital Allowances	(xxx)
Unutilised Losses b/f	(xxx)
<b>Trade/ Business Income/ Loss</b>	<b>xxx</b>
21. Unutilised Losses b/f (IRAS' record) ⓘ	<input type="text" value="0"/>
Company's Declaration	<input type="text" value="0"/>
22. Unutilised Losses c/f	<input type="text" value="0"/>


- ✗ Enter loss amounts for:
- Newly-incorporated company without revenue for the first YA
  - Trading company without revenue
- ✓ Enter "0" as losses should not be claimed


# Common Errors Made in Form C (cont.)


15. Exempt Income/ Loss for Current Year of Assessment ⓘ Declare if applicable ▼

- ✗ Enter tax exempt amount under the Tax Exemption Scheme for New Start-Up Companies or Partial Tax Exemption for Companies
- ✓ Enter amount of exempt income/ loss granted from tax incentives


# Common Errors Made in Form C (cont.)

The financial period for this return based on the company's financial statements is\* 

From  
01/01/2021 

To  
31/12/2021 

- ✗ Declare figures from financial statements for the incorrect basis period (e.g. for YA 2022, declare figures from financial statements for the financial year ending 30 Jun 2022)
- ✓ Declare figures from financial statements for the preceding financial year (e.g. for YA 2022, declare figures from financial statements for the financial year ending 30 Jun 2021)



# What To Do If You Discover Errors in Your Tax Declaration - IRAS' Voluntary Disclosure Programme (VDP)

# IRAS' Voluntary Disclosure Programme (VDP)

## Overview of VDP

- Aims to encourage taxpayers that have made errors in their tax returns to voluntarily come forward to correct their errors and set their tax matters right, in exchange for reduced penalties
- Applicable to
  - Individual Income Tax
  - Corporate Income Tax
  - Goods and Services Tax (GST)
  - Withholding Tax
  - Stamp Duty

## Qualifying Conditions

- Voluntary disclosure must be timely, accurate, complete and self-initiated by taxpayer
- Cooperate fully with IRAS to correct the errors made
- Pay or make arrangements with IRAS to pay additional taxes and penalties imposed (if any), and honour such arrangements till all payments are made

# IRAS' Voluntary Disclosure Programme (VDP) (cont.)

## Reduced Penalties

Voluntary Disclosure Made	Penalty Treatment
Within 1 year from statutory filing date	<b>No</b> penalty imposed
> 1 year from statutory filing date	<b>Reduced</b> penalty of: <ul style="list-style-type: none"><li>• 5% per annum for Income Tax*</li><li>• Flat 5% for GST and Withholding Tax</li></ul>

\* For Income Tax, reduced penalty is 5% of tax undercharged or of the amount of cash payout/ bonus exceeding entitlement obtained, for each year that income was late in being brought to tax.

*Stamp Duty: For a voluntary disclosure pertaining to late stamping or underpayment of Stamp Duty that meets the qualifying conditions under IRAS' VDP, the reduced penalty is 5% per annum computed on a daily basis on the Stamp Duty payable. There is no grace period applicable to Stamp Duty.*



**Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):**

[Taxes > Corporate Income Tax > Corporate Income Tax Compliance > Voluntary Disclosure of Errors for Reduced Penalties](#)





Recap

# Recap

## Corporate Income Tax Obligations at a Glance

1. Maintain proper records
2. Prepare financial statements
3. File ECI within 3 months after financial year end
4. Prepare tax computation and supporting schedules
5. File:
  - Form C-S (for qualifying companies); or
  - Form C-S (Lite) (for companies with revenue of \$200,000 or below and that meet the qualifying conditions of filing Form C-S); or
  - Form C (with financial statements, tax computation and supporting schedules)by **30 Nov 2022**.
6. Settle tax payment **within 1 month** from date of the Notice of Assessment (NOA), notwithstanding any objection
7. File objection within 2 months from the date of the NOA if companies do not agree with their tax assessments

# Thank You

[www.iras.gov.sg](http://www.iras.gov.sg)



The information presented in the slides 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 the date of presentation. 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 its position accordingly.



# Annexes

# Assistance and Service Channels



**Website**  
[www.iras.gov.sg](http://www.iras.gov.sg)

- [Home > Digital Services > Companies/ Tax Agents](#)
- [Home > Digital Services > Others > Corppass](#)
- Live Chat



**Email**

- Email us at [myTax Mail](#)



**Helpline**

- For companies: 1800-356-8622
- 8.00am to 5.00pm from Mondays to Fridays
  - Best time to call: 8.30am – 10.30am
  - Best day to call: Friday



**Social Media**



[Twitter.com/IRAS\\_SG](https://twitter.com/IRAS_SG)



[Facebook.com/irassg](https://facebook.com/irassg)

# Corppass Step-by-Step Guides

For assistance on Corppass setup, please refer to the following for guidance:

## For Companies

- [Corppass Step-by-Step Guide for Companies](#) (PDF, 4.75MB)
- [Corppass Simplified Guide for Companies where the Registered Officer Handles All Digital Services for the Company](#) (PDF, 298KB)
- [Guide on How to Log In to myTax Portal](#) (PDF, 990KB)
- [Frequently Asked Questions \(FAQs\) on Corppass for Companies](#) (PDF, 132KB)

## For Tax Agents

- [Corppass Step-by-Step Guide for Tax Agents](#) (PDF, 4.68MB)
- [Guide on How to Log In to myTax Portal](#) (PDF, 1.01MB)
- [FAQs on Corppass for Tax Agents](#) (PDF, 131KB)

## For Foreign Entities

- [Corppass Step-by-Step Guide for Foreign Entities](#) (PDF, 5.71MB)
- [Guide on How to Log In to myTax Portal](#) (PDF, 982KB)