

Frequently Asked Questions

Preparing Information for e-Submission of Commission Income

- a) What are taxable for the commission agents and should be included as their income?
(For more information on the taxability of incentives/ benefits, please refer to the [FAQ on Tax Treatment of Incentives provided to Commission Agents](#))

S/No	Question	Answer
1)	Should benefits-in-kind (e.g. vouchers, accommodation, and flight tickets) given to commission agents after achieving a target be included in the submission of income?	Yes, if the benefits-in-kind were given to reward the commission agents in return for their services rendered.
2)	Should lucky draw prizes received from the commission-paying organisations be included in the submission of income?	Lucky draw prizes that the commission agents received from company events are generally not taxable as they are given to foster goodwill/ relationship. Therefore, they should not be included as part of the income earned by the commission agent.
3)	Should rebates (e.g. rebates given when a specific targeted sales amount is achieved) given to commission agents be included in the submission of income?	Yes, these rebates (including cash and product rebates) are taxable as they are related to the performance and services provided by the commission agents.
4)	Should reimbursements and subsidies of personal expenses incurred by the commission agents (e.g. medical fees, car park charges) be included in the submission of income?	Yes, the reimbursements and subsidies provided by the organisations are taxable on the agents as they are a form of incentive payments. They should be reported as part of the income of the agents.
5)	The commission-paying organisations provide commission agents with letterheads, stationery, name cards and items related to their office (e.g. telephone, furniture and fixtures etc). Should these items be included in the submission of income?	No, as these items are provided to the commission agents to enable them to carry out their activities as an agent, they are therefore not taxable benefits.
6)	To incentivise and retain the commission agents, the commission-paying organisation takes up a group insurance policy for them and pays for the premiums. Should the premiums be included in the submission of income?	Yes, the insurance premiums paid by the commission-paying organisations are taxable benefits as they are incentives provided to the commission agents.

7)	The commission-paying organisations may reimburse the agency leaders for expenses they have incurred such as roadshows and exam fees of their downlines, if certain targets set by the commission-paying organisations are met. Should these reimbursements be included in the submission of income?	Yes, such conditional reimbursements are taxable on the agency leaders as they are incentives to motivate and reward them for meeting targets set. Therefore, the reimbursed amounts should be included in the submission of income. However, the agency leaders can claim the expenses they have incurred as a deduction in their Income Tax Returns.
8)	Should commission paid to cedants/ reinsurers/ brokers be reported to IRAS?	Yes, commission-paying organisations are required to submit details for ceding commission and brokerage paid to commission agents.
9)	Should tokens of appreciation given for sales referral be included in the submission of commission income?	Yes, it should be included in the submission.

b) Whose commission income information should be included?

S/No	Question	Answer
10)	Should commission-paying organisations submit income information for overseas commission agents?	Commission-paying organisations should submit information relating to Singapore-sourced income. If the commission income is sourced in Singapore, it is taxable in Singapore regardless of whether the commission agent is a local or foreigner. Commission-paying organisations do not need to submit the commission information if commission is paid to an overseas commission agent who: <ul style="list-style-type: none"> • Has no permanent establishment* in Singapore; or • Did not conduct any work in Singapore. <p><i>* Permanent establishment refers to a fixed place of business through which the business of an enterprise is wholly or partly carried on and normally includes a place of management, a branch, an office, etc.</i></p>
11)	Should sole-proprietors earning commissions from their sole-proprietorships or partners earning commissions from their partnerships include their own commission	No, sole-proprietors and partners are not required to submit their commission income information in e-Submission of commission income. They should report the commission

	information in the file submission?	income as part of their trade income when filing their Income Tax Returns.
12)	Should commission-paying organisations submit information of referral fees paid to freelancers?	<p>If the referral fees were paid by the commission-paying organisations directly to the freelancers, the commission-paying organisations must submit the information on the freelancers.</p> <p>However, if the referral fees were paid by the commission agents under a private arrangement between the commission agents and the freelancers, such referral fees need not be included in the e-Submission. The freelancers must declare the referral fees in their Income Tax Returns. On the other hand, the commission agents can claim the referral fees paid as a deduction against their commission income.</p>
13)	Should commission-paying organisations include commission agents who join the organisations for a short period or only earned a small amount (e.g. \$600)?	Yes, commission-paying organisations should include all commission agents earning income in the relevant basis period, regardless of the duration they were with the organisations and the amount they earned.

c) How should commission income be reported?

S/No	Question	Answer
14)	When is commission considered as income earned?	<p>Commission is considered as income earned when it is accrued (due and payable), regardless of the payment date, i.e. once there is a liability to pay to the commission agent for the services rendered.</p> <p>If the payment is conditional on the commission agent achieving a certain target, commission is considered accrued once the target has been achieved.</p>
15)	Should gross income submitted by the commission-paying organisations include GST?	No, GST should not be included in the submission.
16)	Should commission income be reported in Singapore or foreign currency? What is the exchange rate that we should use?	<p>Commission income should be reported in Singapore currency.</p> <p>Commission-paying organisations may consolidate the amount of commission</p>

		<p>in foreign currency accrued to a commission agent in a year and apply any of the following rate to compute the commission in Singapore currency equivalent:</p> <ol style="list-style-type: none"> i. the average exchange rate, or ii. the exchange rates recorded in their books, or the exchange rates published by the Monetary Authority of Singapore (MAS).
17)	<p>What is the commission amount to be submitted if the commission-paying organisations have deducted fees or penalties from the gross commission earned by the commission agents (e.g. for the use of office space, telephone charges etc.)?</p>	<p>The commission-paying organisations should submit the gross commission before deductions. The commission agents can claim expenses that are allowable for tax purposes as deductions against the commission income in their Income Tax Returns.</p>
18)	<p>How should commission-paying organisations (e.g. real estate agencies) submit co-broking transactions for their commission agents (e.g. salesperson)?</p>	<p>If Salesperson A has entered into a co-broking deal with Salesperson B through their respective real estate agencies, both the salespersons will receive their share of commission (co-broking fees) from their own real estate agencies for the services they rendered.</p> <p>The real estate agencies should submit the commission earned by their respective salesperson to IRAS.</p>
19)	<p>How should commission-paying organisations submit income information for joint membership (e.g. Multi-Level Marketing's joint membership)?</p>	<p>Commission agents under joint membership should inform their commission-paying organisations on their share of commission income earned by the respective joint account holders and commission-paying organisations should submit the commission income based on the share of each commission agent accordingly.</p> <p>If the commission agents have not informed the commission-paying organisations on their share of commission income, the commission-paying organisations may submit the commission income of the commission agents based on the organisation's stipulated allocation.</p> <p>If the commission agents disagree on the income submitted, they may amend the pre-filled amount under 'Revenue' field during e-Filing and</p>

		<p>inform their organisations on the correct share of commission income earned by the respective account holders. The commission-paying organisations will be required to submit an amendment file accordingly. Find out more on Amend submitted commission income records.</p>
20)	<p>Should MLM agencies submit the commission information of agents who purchase solely for private consumption? How should they submit the commission information if they are able/ unable to segregate their agents between consumers (i.e. those purchasing for private consumption) and distributors?</p>	<p>For MLM agencies who are able to segregate their agents between consumers and distributors*, they should only submit the commission information of distributors and not those who made purchases for private consumption.</p> <p>These agencies would need to inform IRAS by submitting this declaration form. This would need to be done before the submission of the commission information for that year. Further instructions on submission would be provided from IRAS thereafter.</p> <p>However, if the agency is not able to segregate their agents into distributors and those who purchase solely for private consumption, the agency is still required to submit commission information for all their agents.</p> <p><i>* The MLM agency would need to have proper system and control in place to ensure that the segregation is accurate.</i></p>
21)	<p>How should commission-paying organisations report the commission income if the amount is subsequently recovered from the commission agents?</p>	<p>There are generally 3 types of situations where the commission income is subsequently recovered from the commission agents:</p> <ol style="list-style-type: none"> a) Claw back of commission, bonus and incentives due to refunds of premiums to policyholder b) Claw back of sign-on bonus c) Balanced Scorecard adjustments <p>Commission-paying organisations are allowed to deduct the amount recovered from the commission agent against the agent's gross commission income and submit the net amount to IRAS in the year the amount was recovered from the agent.</p> <p>Commission-paying organisations should include a note in the</p>

		commission agents' annual income statement to inform the commission agents that the amount recovered has been deducted against their annual gross commission income and the agent should not claim the amount recovered as an actual allowable business expense when they file their tax returns.
22)	The commission agent (e.g. insurance/ real estate agent) may also be paid trainer's fees for conducting seminars to the agents. How should the commission-paying organisations report such trainer's fees?	The commission-paying organisations should include all trainer's fees as part of the commission agents' income.