**Computation of FTC for a company that receives foreign income**  
**Source-by-Source and Country-by-Country**

Company ABC Pte Ltd derived and received the following income during financial year 2020 [i.e. Year of Assessment (YA) 2021]:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Foreign tax paid</th>
<th>Expenses applicable to foreign income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Income – Local</td>
<td>$300,000</td>
<td></td>
</tr>
<tr>
<td>Service Income – From Country X</td>
<td>$50,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Deductible expenses &amp; capital allowances for service income</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Foreign income – interest (From Country Y)</td>
<td>$20,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

Company ABC Pte Ltd is entitled to claim foreign tax credit on the service income of $50,000 from Country X and interest income of $20,000 from Country Y.

**Tax Computation for YA 2021**

\[
\begin{align*}
\text{Service income - Local} & \quad 300,000 \\
\text{Service income - Foreign Country X} & \quad 50,000 \quad \text{(A)} \\
\text{Total service income} & \quad 350,000 \quad \text{(B)} \\
\text{Less: Deductible expenses and capital allowances} & \quad (15,000) \\
\text{Total statutory income} & \quad 335,000 \quad \text{(C)} \\
\text{Interest (Country Y) [20,000 - 100]} & \quad 19,900 \quad \text{(D)} \\
\text{Total statutory income} & \quad 354,900 \quad \text{(E)} \\
\text{Less: Approved donations (assumed)} & \quad (1,000) \\
\text{Chargeable income (before exempt amount)} & \quad 353,900 \\
\text{Less: Partial tax exemption} & \quad (102,500) \\
\text{Chargeable income (after exempt amount)} & \quad 251,400 \\
\text{Tax payable @ 17\%} & \quad 42,738.00 \quad \text{(F)} \\
\text{Less: Foreign tax credit} & \quad (6,763.08) \quad \# \\
\text{Net tax payable} & \quad 35,974.92
\end{align*}
\]
Calculation of Foreign Tax Credit

Singapore tax payable on service income from Foreign Country X
[A/B x C/E x F] $5,763.08

Foreign tax paid in Foreign Country X 10,000.00

Foreign tax credit = lower of Singapore tax payable or foreign tax paid 5,763.08

Singapore tax payable on interest income from Foreign Country Y
[D/E x F] 2,396.41

Foreign tax paid in Foreign Country Y 1,000.00

Foreign tax credit = lower of Singapore tax payable or foreign tax paid 1,000.00