

**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]:

	Amount	Foreign tax paid	Expenses applicable to foreign income
Service Income – Local	\$300,000		
Service Income – From Country X	\$50,000	\$10,000	
Deductible expenses & capital allowances for service income	\$15,000		
Foreign income – interest (From Country Y)	\$20,000	\$1,000	\$100

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**

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

**#Calculation of Foreign Tax Credit**

	\$
Singapore tax payable on <b>service income</b> from Foreign Country X [A/B x C/E x F]	<u>5,763.08</u>
Foreign tax paid in Foreign Country X	<u>10,000.00</u>
Foreign tax credit = lower of Singapore tax payable or foreign tax paid	<u>5,763.08</u>
Singapore tax payable on <b>interest</b> income from Foreign Country Y [D/E x F]	<u>2,396.41</u>
Foreign tax paid in Foreign Country Y	<u>1,000.00</u>
Foreign tax credit = lower of Singapore tax payable or foreign tax paid	<u>1,000.00</u>