

Illustrative examples

1. Company ABC Pte Ltd (with financial year ended 31 December) derived the following income from outside of Singapore in the financial year ended 31 December 2023:

Financial year	Type of Income	Amount S\$	Allowable expenses incurred to derive the income S\$
2023	Interest	20,000	2,000

- In preparing the tax return for YA 2024, Company ABC Pte Ltd reviewed the relevant details and concluded that the foreign interest derived in FY 2023 was not remitted or used by the Company in any manner that constitute income received in Singapore under Section 10(25).
- Based on its accounting records, Company ABC Pte Ltd is also aware that it has derived foreign interest income in prior years that were not remitted or used by the Company in any manner that constitute income received in Singapore under Section 10(25). The Company is unable to provide a year-by-year breakdown of the income earned and has thus provided a cumulative amount brought forward from prior years.

Company ABC Pte Ltd will prepare the tracking schedule as shown in Schedule 1 for YA 2024.

2. In the following year (i.e. financial year ended 31 December 2024), Company ABC Pte Ltd derived the following income from outside of Singapore:

Financial year	Type of Income	Amount S\$	Allowable expenses incurred to derive the income S\$
2024	Royalties	10,000	4,500

- In preparing the tax return for YA 2025, Company ABC Pte Ltd reviewed the relevant details and concluded that the foreign interest derived in FY 2023 has been received in Singapore during FY 2024 under Section 10(25) of the ITA.
- Based on its accounting records, Company ABC Pte Ltd confirmed that the foreign interest derived prior to FY 2023 were used for payment of one-tier tax exempt dividends into the shareholders' offshore bank account during the financial year.
- The royalties derived from outside Singapore in FY 2024 was not received in Singapore during the financial year.

Company ABC Pte Ltd will prepare the tracking schedule as shown in Schedule 2 for YA 2025.

3. In financial year ended 31 December 2025, Company ABC Pte Ltd did not derive any income from outside of Singapore. In preparing the tax return for YA 2026, Company ABC Pte Ltd reviewed the relevant details and concluded that during the said financial year, S\$5,000 of the \$10,000 foreign royalties derived in FY2024 was used in a manner considered to be received in Singapore under Section 10(25) of the ITA. The amount of allowable expenses attributable to the income used is \$2,250.

Company ABC Pte Ltd will prepare the tracking schedule as shown in Schedule 3 for YA 2026.

ABC Pte Ltd

YA 2024 – Foreign income

Schedule 1

Foreign income							Allowable expenses					
Nature of Income	FY in which income is earned	Unremitted income - Balance b/f	Current year Income	Income received in Singapore during the year	Income used during the year and not received in Singapore	Unremitted income - Balance c/f	Allowable expenses - Balance b/f	Allowable expenses incurred to derive the current year income in (B)	Share of allowable expenses attributable to (C)	Share of allowable expenses attributable to (D)	Allowable expenses - Balance c/f	Net income received in Singapore
		(A)	(B)	(C)	(D)	(E) = (A) or (B) whichever is applicable - (C) - (D)	(F)	(G)	(H)	(I)	(J) = (F) or (G) whichever is applicable - (H) - (I)	(K) = (C) - (H)
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Interest	Prior to 2023	8,000	0	0	0	8,000	1,500	0	0	0	1,500	0
Interest	2023	-	20,000	0	0	20,000	0	2,000	0	0	2,000	0
	Total	8,000	20,000	0	0	28,000	1,500	2,000	0	0	3,500	0
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Note: In respect of the unremitted interest income c/f of S\$28,000, Company ABC Pte Ltd is expected to maintain the supporting documents to substantiate that the unremitted income is kept overseas and not considered received in Singapore under S10(25). Such information should be submitted to IRAS upon request.

Company ABC Pte Ltd should indicate if it is electing for liberalized treatment of expenses incurred in Singapore.

ABC Pte Ltd

YA 2025 – Foreign income

Schedule 2

<----- Foreign income ----->							<----- Allowable expenses ----->					
Nature of Income	FY in which the income is earned	Unremitted income - Balance b/f	Current year Income	Income received in Singapore during the year	Income used during the year and not received in Singapore	Unremitted income - Balance - c/f (E) = (A) or (B) whichever is applicable - (C) - (D)	Allowable expenses - Balance b/f	Allowable expenses incurred to derive the current year income in (B)	Share of allowable expenses attributable to (C)	Share of allowable expenses attributable to (D)	Allowable expenses - Balance c/f (J) = (F) or (G) whichever is applicable - (H) - (I)	Net income received in Singapore (K) = (C) - (H)
		(A)	(B)	(C)	(D)		(F)	(G)	(H)	(I)		
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Interest	Prior to 2023	8,000	0	0	8,000	0	1,500	0	0	1,500	0	0
Interest	2023	20,000	0	20,000	0	0	2,000	0	2,000	0	0	18,000
Royalties	2024	-	10,000	0	0	10,000	-	4,500	0	0	4,500	0
	Total	28,000	10,000	28,000	8,000	10,000	3,500	4,500	2,000	1,500	4,500	18,000
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Note: In respect of the unremitted royalties c/f of S\$10,000, Company ABC Pte Ltd is expected to maintain the supporting documents to substantiate that the unremitted income is kept overseas and not considered received in Singapore under S10(25). Such information should be submitted to the IRAS upon request.

Company ABC Pte Ltd to indicate if it is electing for liberalized treatment of expenses incurred in Singapore and provide additional details in respect of the S\$8,000 foreign income that has been used in FY 2024 (e.g. describe the usage of the income and basis of claiming that the income was not considered received in Singapore).

ABC Pte Ltd

YA 2026 – Foreign income

Schedule 3

Foreign income							Allowable expenses					
Nature of income	FY in which the income is earned	Unremitted income - Balance b/f	Current year Income	Income received in Singapore during the year	Income used during the year and no received in Singapore	Unremitted income - Balance c/f	Allowable expenses - Balance b/f	Allowable expenses incurred to derive the current year income in (B)	Share of allowable expenses attributable to (C)	Share of allowable expenses attributable to (D)	Allowable expenses - Balance c/f	Net income received in Singapore
		(A)	(B)	(C)	(D)	(E) = (A) or (B) whichever is applicable – (C) – (D)	(F)	(G)	(H)	(I)	(J) = (F) or (G) whichever is applicable – (H) – (I)	(K) = (C) – (H)
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Royalties	2024	10,000	-	5,000	0	5,000	4,500	0	2,250	0	2,250	2,750
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		10,000	0	5,000	0	5,000	4,500	0	2,250	0	2,250	2,750
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Note: The rows for foreign-sourced interest income derived in FY 2023 and prior to FY 2023 have been removed as the amounts have been remitted and used respectively in FY 2024.

The allowable expenses of S\$2250 were directly identified in respect of the foreign income received in Singapore of S\$5,000.

In respect of the unremitted royalties c/f of S\$5,000, Company ABC Pte Ltd is expected to maintain the supporting documents to substantiate that the unremitted income is kept overseas and not considered received in Singapore under S10(25). Such information should be submitted to the IRAS upon request.