

IRAS Consultation

**IRAS Seeks Your Feedback on
How Parent Relief Should be Allowed**



**INLAND REVENUE
AUTHORITY
OF SINGAPORE**

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1 Introduction

- 1.1 The 'parent/ handicapped parent relief' gives recognition to individuals who put effort and resources into looking after their or their spouse's elderly and dependant parent(s), grandparent(s) or great-grandparent(s) [collectively referred to as "elderly parent"].

2 Background

- 2.1 The amount of parent relief for each elderly parent is:

Type of relief	Living with parent(s)	Not living with parent(s)
Parent relief	\$7,000	\$4,500
Handicapped parent relief	\$11,000	\$8,000

- 2.2 Currently, only one taxpayer can claim parent relief on his/ her elderly parent. If an elderly parent is supported by several family members, for example children, sons or daughters-in-law, and more than one has claimed the relief, the Inland Revenue Authority of Singapore ("IRAS") will request the family members to decide among themselves who should claim the parent relief for a particular Year of Assessment ("YA") and inform IRAS of their decision within 21 days from the date of request. Alternatively, family members can take turns claiming the parent relief – e.g. daughter this year, son next year.
- 2.3 Generally, this current arrangement has worked for many families, who can come to an amicable agreement among themselves who is to claim the parent relief for the elderly parent for the YA.
- 2.4 However, if the family members are unable to agree among themselves within 21 days who is to claim the parent relief for the YA, IRAS will step in and generally grants the parent relief to the taxpayer who is living with the elderly parent. If none or more than one taxpayer is living with the elderly parent, IRAS will grant the parent relief to the taxpayer who will enjoy the highest tax savings from the claim. This is to ensure that the family unit, as a whole, enjoys the highest tax savings.
- 2.5 This consultation seeks your views on how IRAS should allow the parent relief in the following scenarios:
- 1) Where taxpayers are unable to agree among themselves who should claim the parent relief
 - 2) Where taxpayers are unable to agree on how the relief may be apportioned among themselves

3) Where the elderly parent has indicated the parent relief be given to a particular taxpayer when family members are unable to agree on how the relief may be apportioned

3 IRAS' Proposals for Your Views

3.1 IRAS is exploring the possibility of allowing two or more taxpayers to share the parent relief and would like to seek your views on the following:

A Should IRAS allow two or more taxpayers to share the parent relief if they support the same elderly parent

3.2 IRAS is exploring the possibility of allowing two or more taxpayers to share the parent relief in the proportions they agreed on, so long as the combined amount does not exceed the existing cap of \$4,500/ \$7,000 for the same elderly parent¹. To maximise the tax savings for taxpayers, where at least one of the taxpayers is living with the elderly parent, the higher amount of relief will apply for sharing among themselves.

3.3 If the parties involved agree on their respective share of parent relief, each party is required to indicate to IRAS his or her share of the parent relief in his or her personal income tax return. Refer to **Annex A** for an example of apportionment of the parent relief in the scenario of multiple claimants.

S/N	Proposal	Consideration
A1	Allow two or more taxpayers to share the parent relief	This would give recognition to all parties who have cared for the elderly parent.
A2	Maintain status quo and not allow the parent relief to be shared	Allowing parent relief to only one taxpayer for each YA is a practical arrangement that has worked for many families.

B How should IRAS apportion the parent relief if the taxpayers are unable to agree on how the relief may be shared among themselves

3.4 Should IRAS decide to allow the parent relief to be shared, but where IRAS does not hear from the family or if the family cannot reach an agreement within the 21 days, IRAS proposes the following:

¹ Or \$8,000/ \$11,000 in respect of the same elderly handicapped parent.

S/N	Proposal	Consideration
B1	<p>Status quo, i.e. allow parent relief to <u>only one</u> taxpayer</p> <p>The relief will first be given to the taxpayer who is living with the elderly parent.</p> <p>Where none or more than one taxpayer is living with the elderly parent, IRAS will grant the parent relief to the taxpayer who will enjoy the highest tax savings from the claim.</p>	<p>This option assumes that in most circumstances, the taxpayer who is living with the elderly parent is likely to be more involved, in terms of time, effort or finances, in taking care of the elderly parent.</p> <p>Where there is more than one taxpayer staying with the elderly parent, the relief will be granted to the taxpayer who is staying with the elderly parent and will enjoy the highest tax savings from the claim.</p> <p>Where none of the taxpayers is staying with the elderly parent, the relief will be granted to the taxpayer who will enjoy the highest tax savings.</p> <p>This is to help maximise the tax savings from the parent relief for the family as a whole.</p>
B2	<p>Apportion parent relief <u>equally</u> among all parties involved</p>	<p>This option seeks to provide equal recognition for all taxpayers involved who claim that they have supported the elderly parent.</p> <p>Although the duty of caring for a parent may not be shared among the family members equally, IRAS is not in the position to decide who may be more deserving of the relief. Equal apportionment of the relief recognises that each child plays a role in caring for the elderly parent.</p>
B3	<p><u>Disallow</u> parent relief to <u>all parties involved</u> until an agreement is reached and</p>	<p>IRAS is not in the position to decide on the family's behalf. If this option is adopted, the</p>

	IRAS is informed on who should claim the parent relief, and how the relief is to be shared.	family members should strive towards an amicable arrangement.
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C Where family members are unable to agree on how the relief may be apportioned, should IRAS abide by the parent’s wishes in instances where the parent has indicated that the parent relief be given to a particular taxpayer?

3.5 Sometimes, upon seeing that the taxpayers are unable to come to an agreement among themselves, the elderly parent may step in to indicate that the parent relief be given to a particular child or son and daughter-in-law, but the rest may disagree with the elderly parent. In such situations, IRAS proposes the following:

S/N	Proposal	Consideration
C1	IRAS should abide by the elderly parent’s wishes even though the parties involved may not agree with the parent	This option assumes that the elderly parent is in the best position to determine who should be allowed the parent relief.
C2	IRAS should abide by the majority preference (i.e. proposals B1, B2, or B3)	This option seeks to mitigate further potential family conflicts, and inadvertently putting the elderly parent in a difficult position among the taxpayers who wish to claim the parent relief.

4 Period of Consultation

4.1 IRAS welcomes feedback from the public on the above seven proposals. The consultation exercise will last for 6 weeks, from 13 Jun to 26 Jul 2013.

4.2 All feedback received will be taken into consideration. However, we regret that we will not be able to separately address or acknowledge every comment we receive. Instead, we will consolidate and publish a summary of the key comments received, together with our responses on IRAS and REACH websites after the consultation exercise closes. The summary will maintain confidentiality of the feedback received.

5 Submission

5.1 For feedback in writing, please include examples/ scenarios to illustrate.

5.2 You can send your feedback to IRAS via:

- [REACH poll](#) (multiple-choice selections)
- Email: public_consultation@iras.gov.sg
- Post: Comptroller of Income Tax
Inland Revenue Authority of Singapore
Tax Policy & Ruling Branch
55 Newton Road
Revenue House
Singapore 307987

5.3 Please include your name, email address and telephone number in your submission.

5.4 IRAS reserves the right to make public all or parts of any written feedback submitted in response to this consultation exercise.

5.5 Your feedback is important to us. All views and comments received will be considered. The closing date for submission is 26 Jul 2013.

Example

Three siblings A, B and C would like to share the parent relief for their mother for the Year of Assessment 2013. As A is living with the mother, the siblings will be entitled to claim parent relief of \$7,000 for supporting their mother. The children will indicate the apportionment of the parent relief for their mother in their tax returns as follows:

- a) A will claim 50%;
- b) B will claim 25%; and
- c) C will claim 25%.

A, B and C inform IRAS of their agreed apportionment, when they claim the parent relief for their mother in their individual tax return. Based on their agreed apportionment, IRAS will grant the parent relief as follows:

- i) A will claim \$3,500 relief;
- ii) B will claim \$1,750 relief; and
- iii) C will claim \$1,750 relief.

If the apportionment submitted by A, B and C for the parent relief for their mother does not add up to 100% of the relief amount, IRAS will request them to submit a revised proportion as agreed among themselves within 21 days from the date of request.