



INLAND REVENUE
AUTHORITY
OF SINGAPORE



During Filing



During Filing

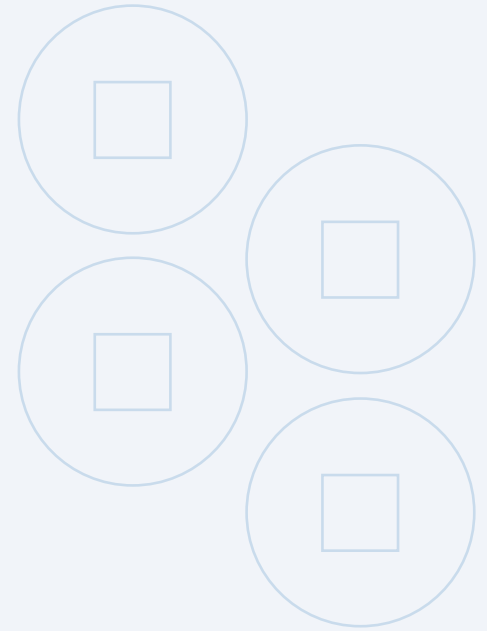
- Prepare Your Tax Computation
- File Your Corporate Income Tax Return early to avoid last minute rush

In this video, we will cover the following topics:



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1. Prepare the Tax Computation
2. Taxability of Income
3. Foreign Sourced Income
4. Revenue vs Capital Receipts
5. Badges of Trade





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Prepare Your Tax Computation

Prepare Your Tax Computation

Before filing the Corporate Income Tax Returns, companies will have to prepare their tax computations

- A tax computation is a statement showing the tax adjustments to the accounting profit to arrive at the income that is chargeable to tax
- Tax adjustments include adding back non-deductible expenses, removing non-taxable receipts, claiming further deductions and capital allowances



Use the [Basic Corporate Income Tax Calculator](#) on IRAS' website for your tax computations. The validation checks are designed to minimise calculation errors, ensuring greater accuracy in your submission.

Tax Computation Format for YA 2025

Net Profit/(Loss) before Tax as per Financial Statements

(Less): Separate Sourced Income / Non-Taxable Income

Add: Non-Tax Deductible Expenses

Adjusted Profit/(Loss)

(Less): Capital Allowances brought forward

Current YA Capital Allowances

Trade Losses brought forward

Add: Separate Sourced Income

Total Income/(Loss) before Donations

(Less): Approved Donations

Chargeable Income before exempt amount

(Less): Exempt Amount

(Partial Tax Exemption or Start-Up Tax Exemption if applicable)

Chargeable Income after exempt amount

XX

(XX)

XX

XX

(XX)

(XX)

(XX)

XX

XX

XX

(XX)

XX

(XX)

XX



Tax Computation Format for YA 2025

Tax Payable @ 17%			XX.XX
(Less):	CIT Rebate *		<u>(XX.XX)</u>
	(50% capped at \$40,000)		
Net Tax Payable			<u>XX.XX</u>

* The CIT rebate (less amount of CIT rebate cash grant, if applicable) will be automatically computed and incorporated in YA 2025 tax assessments based on the Corporate Income Tax Returns submitted.



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Taxability of Income

Taxability of Income

Income tax is payable on:

1) Singapore-sourced Income	2) Remitted Foreign-sourced Income
Income accruing in or derived from Singapore	Income received in Singapore from outside Singapore
E.g. Trade income of a company carrying on business in Singapore	E.g. Interest income from a foreign bank outside Singapore that is remitted to Singapore



Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Taxable & Non-Taxable Income](#)

Watch our e-Learning video:

[Taxability of Income](#)



Remitted Foreign-Sourced Income

Deemed Remittance under Section 10(25) of the Income Tax Act 1947:

- Income from outside Singapore is considered received in Singapore when it is:
 1. Remitted to, transmitted or brought into Singapore;
 2. Used to pay off any debt incurred in respect of a trade or business carried on in Singapore (e.g. making payment to your business vendors); or
 3. Used to purchase any movable property brought into Singapore (e.g. purchasing of equipment or raw materials connected to your business)

Foreign-Sourced Income Exemption (FSIE)

- The following may be exempted under the Foreign-sourced income exemption (FSIE):
 - Foreign-sourced dividends
 - Foreign branch profits
 - Foreign-sourced service income
- FSIE may apply, if the following **conditions are met**:
 - “Subject to tax” condition; and
 - “Foreign headline tax rate of at least 15%” condition; and
 - “Beneficial tax exemption” condition
- If FSIE does not apply, you may claim foreign tax credit in your Form C to reduce or eliminate double taxation



Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):

[Taxes > Corporate Income Tax > Income & Deductions
for Companies > Companies Receiving Foreign Income](https://www.iras.gov.sg/Taxes/CorporateIncomeTax/Income&DeductionsforCompanies/CompaniesReceivingForeignIncome)



Reporting income received in Singapore from outside Singapore

- Companies are required to provide the following information in their tax computation:
 - Unremitted foreign income brought forward from prior YAs
 - Foreign income earned in the current financial year
 - Foreign income received in Singapore during the financial year
 - Foreign income used during the year and not received in Singapore
 - Unremitted foreign income carried forward
 - Tracking of allowable expenses attributable to the foreign income



Refer to the [standard template](#) on IRAS website, developed to make it easier for companies to comply with the reporting requirement.

Revenue vs Capital Receipts

	Revenue Receipts (i.e. Income)	Capital Receipts (i.e. Capital Gains)
Explanation	Receipts from the disposal or destruction of circulating capital	Receipts from the disposal or destruction of fixed capital
Distinguishing between circulating capital and fixed capital	Circulating capital refers to assets that are acquired or made in the ordinary course of trade and is sold for a profit	Fixed capital refers to assets that form part of the permanent structure of the business
Taxability	Taxable	Not taxable
Example	Sale of trading stock or raw materials	Sale of premises or machinery

Badges of Trade

Factors considered in determining if a trade exists

1. Nature of the subject matter
2. Length of ownership
3. Frequency of transactions
4. Supplementary work
5. Circumstances of the realisation
6. Motive
7. Mode of financing
8. Other factors



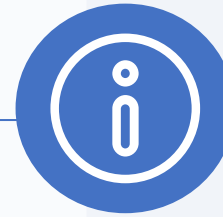
Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg):

[Taxes > Corporate Income Tax > Income & Deductions for Companies > Taxable & Non-Taxable Income](https://www.iras.gov.sg/taxes/corporate-income-tax/income-deductions-for-companies/taxable-non-taxable-income)



Badges of Trade

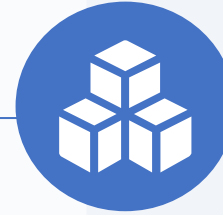
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**Note:**

- All the factors are taken into consideration when determining whether a trade exists.
- No single factor is conclusive.

Badges of Trade

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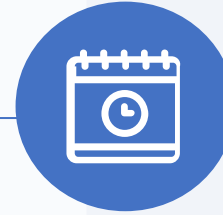


This refers to the nature of the asset/ property that is bought and then sold.

Some assets (e.g. commodities, manufactured items) are normally regarded as the subject of trading while others are less likely to be regarded as trading when they are not bought in quantity (e.g. antiques, art work).

Badges of Trade

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This refers to the holding period of the asset/ property in question.

The shorter the holding period, the more likely it is regarded as held for trading.

Badges of Trade

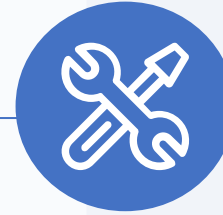
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A high frequency of similar transactions is more indicative of trading than an isolated transaction.

Badges of Trade

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This refers to additional work done on the asset/ property in question to make it more marketable or extra effort made to find or attract purchasers.

If this is done, it is more likely that the subsequent disposal is regarded as trading.

Badges of Trade

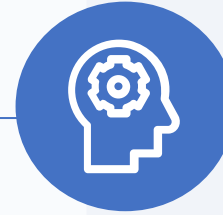
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Some circumstances are less likely to indicate trading (e.g. company is forced to sell the property in question due to compulsory acquisition, sudden urgent need of cash or threat of foreclosure by creditors).

Badges of Trade

1. Nature of the subject matter
2. Length of ownership
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5. Circumstances of the realisation
- 6. Motive**
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This refers to whether there was an intention to trade or income-seeking motive at the time of the acquisition of the asset/property in question.

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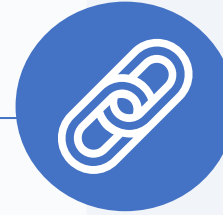
This refers to how the purchase of the asset/ property in question is financed.

Short-term financing is more indicative of trading than long-term financing.

The company's financial position and ability to hold on to the property is also taken into consideration.

Badges of Trade

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Other factors include whether there were any feasibility studies conducted, the accounting treatment of the company, the availability of documentation or other evidence maintained by the company to indicate its intention.