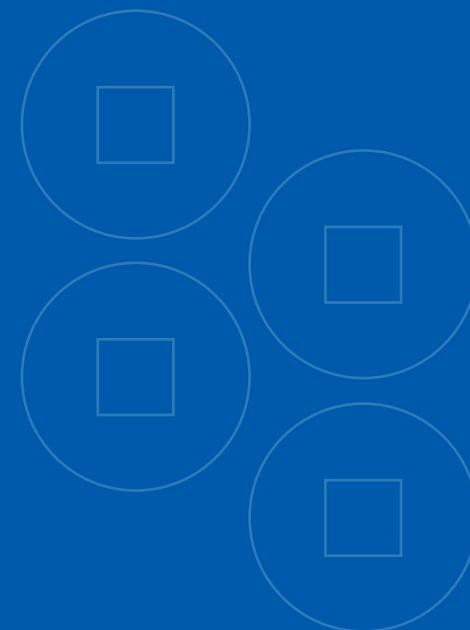




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Taxation of Investment Holding Companies

Webinar on 23 Oct 2024



Objective of the webinar

Help you to:

Understand a company's annual tax filing obligations

Understand basic taxation of investment holding company

Be able to prepare a tax computation and file Form C-S/ Form C-S (Lite)/ Form C for an investment holding company



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Corporate Income Tax Filing Obligations

Corporate Income Tax Filing Obligations

Responsibilities of a Company:

- ✓ Keep proper business records and accounts
- ✓ Comply with the submission of Corporate Income Tax Returns
- ✓ Make truthful and accurate declaration of income
- ✓ Be responsible for all declarations made, notwithstanding that it has engaged the services of tax agents



Watch our e-Learning video:

[Corporate Tax Filing Obligations](#)



Introduction to Corporate Income Tax

A company's income is assessable on a **preceding** financial year basis.

Year of Assessment (YA)

Year in which income tax is charged
Current YA is YA 2024

Basis Period for a YA

The period of income relevant to the YA, depending on your financial year end (FYE):

E.g., 1 Jan 2023 to 31 Dec 2023 (YA 2024)
1 Apr 2022 to 31 Mar 2023 (YA 2024)
1 Jul 2023 to 30 Jun 2024 (YA 2025)

Start Right: Maintain Proper Records



- Companies are required to keep proper business records and accounts
 - Regardless of whether the tax assessment is finalised, records have to be kept and retained for at least 5 years
 - E.g. Records for period 1 Jul 2022 to 30 Jun 2023 (YA 2024) should be kept up to 31 Dec 2028



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

[Taxes > Corporate Income Tax > Basics of Corporate Income Tax > Record Keeping Requirements](#)



Start Right: Maintain Proper Records (cont'd)

- You are encouraged to use Accounting Software as it improves record-keeping and tax compliance
- You can also use the information captured in the software for your business operations
- You can refer to the [IRAS Accounting Software Register Plus \(ASR+\)](#) and select a software that meets your tax filing needs.



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

[Digital Collaboration > For Software Developers> Accounting/ Tax Software/ IRAS Accounting Software Register Plus \(ASR+\)](#)



Failing to Keep Proper Records



- Failure to keep proper records is an **offence** under the Income Tax Act 1947/ GST Act 1993 and could result in:
 - IRAS exercising best judgment to estimate the income earned
 - Claims for expenses, capital allowances or GST input tax being disallowed
 - Imposition of penalties

Filing of Corporate Income Tax Returns

2 Corporate Income Tax Returns must be filed each year:

	To file [^]	By the filing due date
1	Estimated Chargeable Income (ECI)*	Within 3 months after FYE
2	Form C-S/ Form C-S (Lite)/ Form C	30 Nov

* ECI:

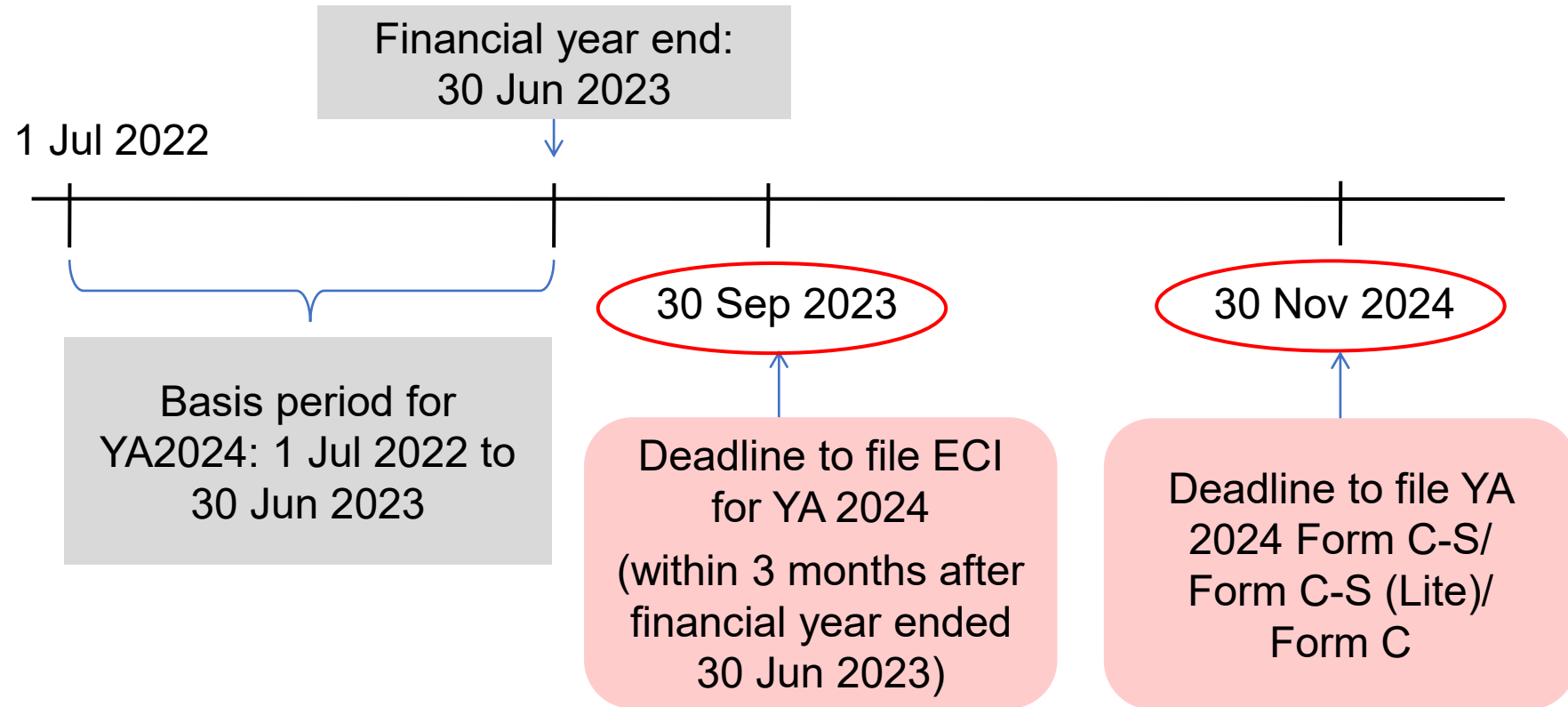
- **Waiver to file ECI:** Companies will qualify for ECI waiver if their annual revenue is \leq \$5 million **and** ECI is NIL
 - Companies that meet both criteria do not need to file their ECI for that particular YA, even though the company's ECI filing status for the YA at mytax.iras.gov.sg shows "Ready to File". There is no need to contact IRAS nor seek a confirmation that you need not file.
- **Singapore registered** companies that are on GIRO qualify to pay their estimated tax on their ECI by instalments. The earlier the company files its ECI, the greater the number of instalments it can enjoy.

ECI e-Filed By	No. of Instalments Given
26 th of 1st month from FYE	10
26 th of 2nd month from FYE	8
26 th of 3rd month from FYE	6
After 26 th of 3rd month from FYE	0

[^] If you require technical assistance, please refer to our [FAQs](#)

Filing of Corporate Income Tax Returns - Timeline

Illustration:



Non-Filing of Corporate Income Tax Returns

If a company fails to file a return by the due date, IRAS may:

- Estimate the company's income and issue an assessment;
 - Payment has to be made within 1 month from the date of the NOA
 - Any objection to the assessment will be reviewed only upon filing of the tax return
- Impose a composition fee not exceeding \$5,000; or
- Summon the company or director to Court

If the company fails to file a return for 2 years or more, a summon may be issued and upon conviction, the company may be ordered to pay:

- A penalty that is twice the amount of tax that IRAS may have assessed for that YA; and
- A fine of up to \$5,000



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

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Late or Non-Filing of Form C-S/ Form C-S \(Lite\)/ Form C](#)





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Corporate Income Tax Digital Service

Corporate Income Tax Digital Services at mytax.iras.gov.sg

Types of Digital Services	
For Tax Agents	<ul style="list-style-type: none"> • Overview of clients' Corporate Income Tax matters • Perform transactions on behalf of clients • View latest correspondences/ notices issued
Filing	<ul style="list-style-type: none"> • File Estimated Chargeable Income (ECI) • File Corporate Income Tax Return (Form C-S/ Form C-S (Lite)/ Form C, Dormant Company) • Section 45 (Withholding Tax) Digital Services
Revising/ Objecting	<ul style="list-style-type: none"> • Lodge an objection to the Notice of Assessment or make amendments to the ECI and Form C-S/ Form C-S (Lite)/ Form C filed
Applications	<ul style="list-style-type: none"> • Apply for Certificate of Residence (COR) • Apply for Waiver/ File last Form C-S/ C (Dormant/ Striking Off)
Viewing Communications/ Status	<ul style="list-style-type: none"> • View Corporate Income Tax Notices/ Letters • View Corporate Income Tax Filing Status • View Donations • View Officer-in-charge
Payment	<ul style="list-style-type: none"> • Payment via internet banking
Updating Corporate Details	<ul style="list-style-type: none"> • Update company's particulars and contact details • Update Notice Preferences

How to access mytax.iras.gov.sg

- You must first be authorised by the company to act for its Corporate Income Tax matters via [Corppass](#)
- For assistance on Corppass setup, please refer to our [step-by-step guides](#) for guidance



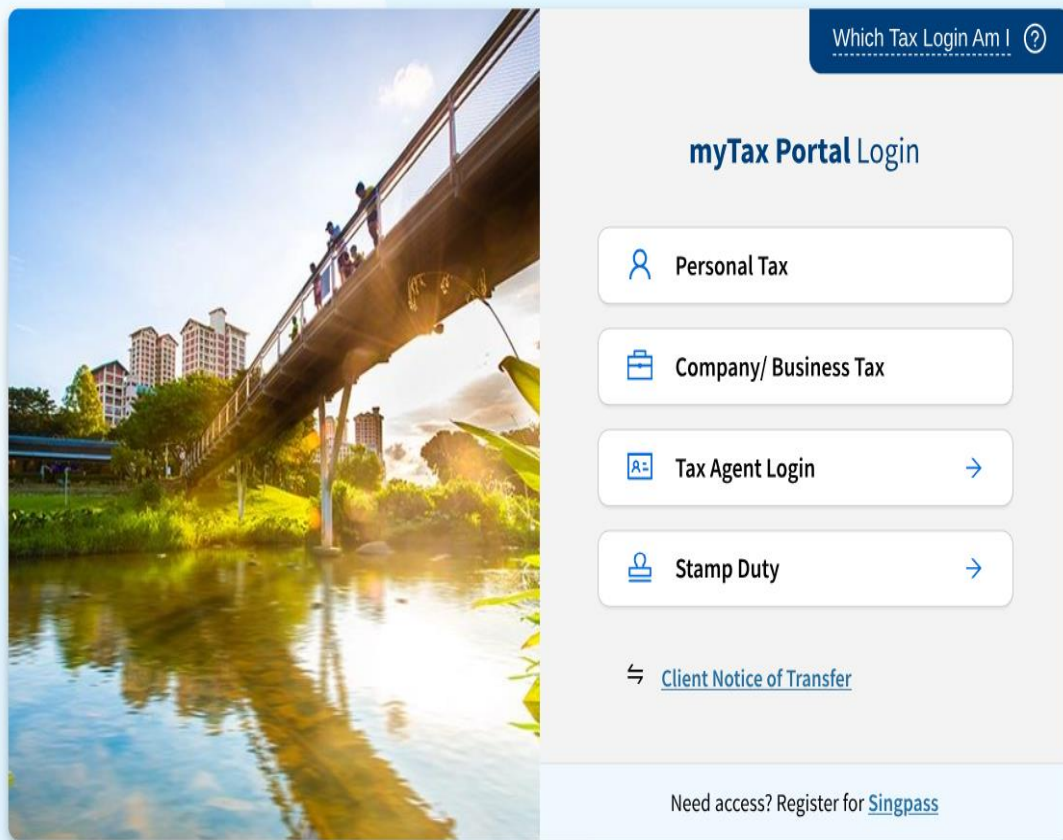
Refer to IRAS' website at [iras.gov.sg](https://www.iras.gov.sg) for assistance on Corppass setup:

[Digital Services > Companies/ Tax Agents](#)

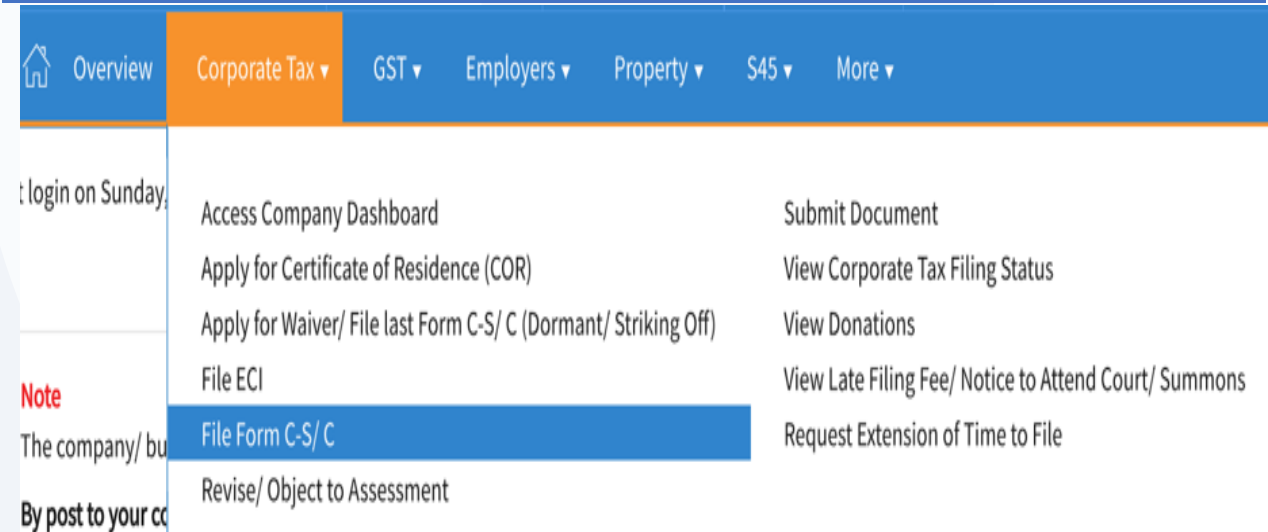


How to access mytax.iras.gov.sg

(1) Go to mytax.iras.gov.sg and log in with your Singpass.



(2) Click on **Corporate Tax** and select the relevant digital service.





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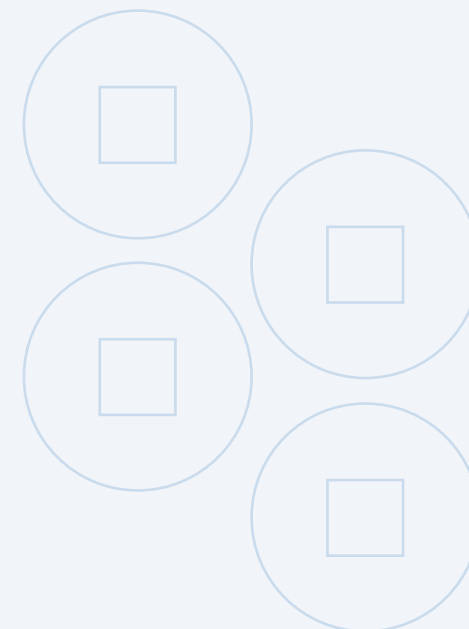


Digital Services for e-Filing



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Form C-S/ Form C-S (Lite)
/ Form C



Filing of Form C-S at mytax.iras.gov.sg

Form C-S is a simplified Corporate Income Tax Return for qualifying small companies

- While you will have to prepare the financial statements, tax computation and supporting schedules for the purpose of filing Form C-S, you are NOT required to submit these documents to IRAS unless IRAS requests for them
- Companies claiming writing-down allowances for Intellectual Property Rights under Section 19B are required to file the Declaration Form* with IRAS at the time of lodgment of the Form C-S
 - Please file the Declaration Form with IRAS via the 'Submit Document' digital service at mytax.iras.gov.sg

Qualifying Conditions for Filing Form C-S

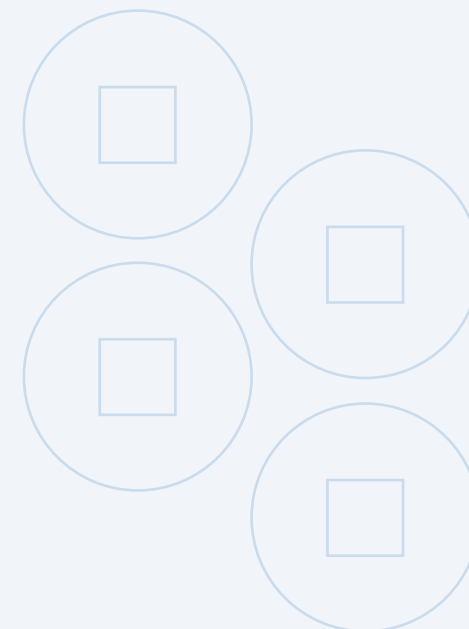
The company must:	The company must not claim any of the following:
<ul style="list-style-type: none">• Be incorporated in Singapore• Have an annual revenue* of \$5 million or below• Derive only income taxable at 17%	<ul style="list-style-type: none">• Carry-back of Current Year Capital Allowances/ Losses• Group Relief• Investment Allowance• Foreign Tax Credit and Tax Deducted at Source

* Revenue of a company refers to the main income source of the company excluding separate source income, such as interest, dividend and rental, which does not arise from its principal activity. In the case of an investment company, the revenue is its investment income (e.g. interest, dividend and rental).



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Form C-S/ **Form C-S (Lite)**
/ Form C



Filing of Form C-S (Lite) at mytax.iras.gov.sg

Form C-S (Lite) is a simplified Corporate Income Tax Return comprising only 6 essential fields to be completed for companies with straightforward tax matters

- Companies that qualify to file Form C-S and have an **annual revenue of \$200,000 or below** have the option to file Form C-S (Lite)
- While you will have to prepare the financial statements, tax computation and supporting schedules for the purpose of filing Form C-S (Lite), you are NOT required to submit these documents to IRAS unless IRAS requests for them



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

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Overview of Form C-S/ Form C-S \(Lite\)/ Form C](#)



Filing of Form C-S (Lite) at mytax.iras.gov.sg (cont'd)

1) Input the company's **revenue** figure under Form C-S at the "Form Type" selection at mytax.iras.gov.sg, then click "E-FILE"

File Form C-S/ C

Form Type Selection

Year of Assessment 2024

Choose only one form type to begin filing.

Form Type	Description
Form C-S	<p>Simplified Income Tax Return for Singapore-incorporated companies that meet all the following conditions:</p> <p>Note: Please input the company's revenue below. If the company's revenue is S\$200,000 or below, you will be presented with the option to e-file Form C-S (Lite).</p> <div style="border: 2px solid red; padding: 5px;"> <p>1. Have revenue of S\$5 million or below; Revenue* (as stated in the financial statements for period ending in 2023)</p> <p>S\$ <input type="text"/></p> </div> <p>2. Derive only income taxable at normal corporate tax rate; and</p> <p>3. Not making certain claims/ allowances.</p>

E-FILE

2) If the revenue figure entered is **\$200,000 or below**, the company will be presented with the option to file Form C-S (Lite). Click "FORM C-S (LITE)"

Choose only one form type to begin filing.

Form Type

Form C-S

CLOSE X

Option to file Form C-S or Form C-S (Lite)

The company has the option to file Form C-S (Lite) as its revenue is \$200,000 or below.

There are fewer fields to complete in Form C-S (Lite) compared to Form C-S.

Please choose a form to proceed with filing.

FORM C-S

FORM C-S (LITE)

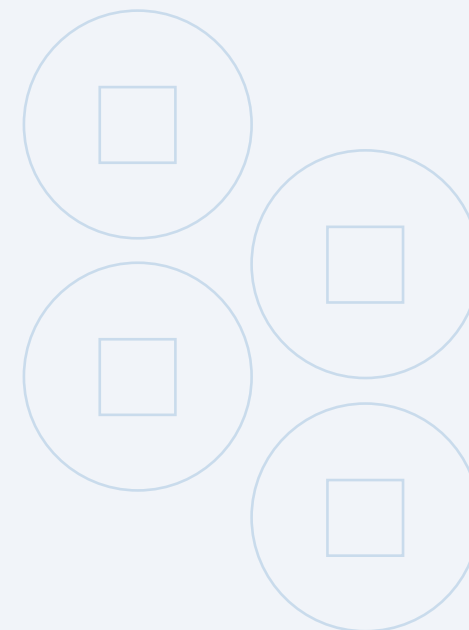
E-FILE

22



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Form C-S/ Form C-S (Lite)
/ **Form C**



Filing of Form C at mytax.iras.gov.sg

Companies that do not meet the conditions to file Form C-S or Form C-S (Lite) will have to file Form C together with the:

- Financial statements
- Detailed profit and loss statement
- Tax computation
- Supporting schedules

Tips of Filing Form C

- ✓ For softcopies that are not in PDF format, convert them to PDF format using a software convertor (e.g. PrimoPDF)
- ✓ Ensure that hardcopy documents are scanned into PDF format and the images are clear
- ✓ Use font size of at least 11 for your attachments
- ✓ When reducing file size of attachments, the recommended resolution is 100dpi black and white

Note: Do NOT submit your revised tax computations for past YAs together with the current year filing (i.e. YA 2024). Please submit it using the “Revise/ Object to Assessment” digital service at mytax.iras.gov.sg



Refer to IRAS' website at iras.gov.sg:

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > Guidance on Filing Form C-S/ Form C-S \(Lite\)/ Form C](#)





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Digital Services Revising/ Objecting to Assessments

Objection to Your Notice of Assessment (NOA)

- Companies that do not agree with the tax assessment raised by IRAS must file the objections within **2 months** from the date of the NOA
- E.g. Date of NOA: 1 Sep 2024
Company will have to object to the NOA by 1 Nov 2024
- Payment must be made within 1 month from the date of the NOA, notwithstanding any objections. If the objection is successful, IRAS will refund any excess amount paid
- If no objections are received within that period, the assessments will be treated as final



Refer to IRAS' website at iras.gov.sg:

[Taxes > Corporate Income Tax > Form C-S/ Form C-S \(Lite\)/ Form C Filing > After Filing Form C-S/ Form C-S \(Lite\)/ Form C](#)



Watch our e-Learning video:

[Corporate Tax Filing Obligations > Objecting to your NOA](#) (@ 8:32 min)



Objection to Your Notice of Assessment (NOA) (Cont'd)

File your objection using the “Revise/ Object to Assessment” option at mytax.iras.gov.sg and provide the following details (where applicable):

- Year of Assessment
- Date of NOA
- Description of the item(s) under objection
- Amount of income/ deduction for each item under objection
- Reason to explain why deduction/ allowance/ relief ought to be allowed
- Reason why income should not be subject to tax
- Details on voluntary disclosure of errors
- Original and/ or revised tax computation and supporting schedules
- Original and/ or revised financial statements, with detailed profit and loss statement



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Investment Holding Company

What is an Investment Holding Companies

- Principal activity is the passive holding of investments
- Owns investments such as properties and shares for the long-term
- Derives investment income, passive in nature, such as:
 - Dividend [chargeable to tax under Section 10(1)(d)]
 - Interest [chargeable to tax under Section 10(1)(d)]
 - Rental income [chargeable to tax under Section 10(1)(f)]



Taxable 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. Interest income from a bank in Singapore	E.g. Interest income from a foreign bank outside Singapore that is remitted to Singapore

Unremitted Foreign-Source Income



- Companies are expected to track the movement of the foreign income and maintain records to substantiate their treatment.
- Companies are required to include the following information in their tax computation schedule:
 - 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 foreign income if the company is electing for the [liberalised treatment of expenses](#) incurred in Singapore to derive foreign income

For more details, refer to the Standard Template of Foreign Income Tracking Schedule and Explanatory Notes available on IRAS' website (Home > Taxes > Corporate Income Tax > Income & Deductions for Companies > Taxable & Non-Taxable Income > [What Is Taxable > Reporting income received in Singapore from outside Singapore](#))

Exemption for Specified Foreign-sourced Income

Granted to all persons **resident** in Singapore on the following sources of foreign income received in Singapore on or after 1 Jun 2003:

- Foreign-sourced dividends
- Foreign branch profits
- Foreign-sourced service income (rendered in the course of a person's trade through a fixed place of operation in foreign jurisdiction)

Qualifying conditions

- Foreign-sourced income has been subject to tax in foreign jurisdiction;
- Headline tax rate of foreign jurisdiction is at least 15%; and
- Tax exemption is beneficial to the resident

Dividend Income

Singapore-sourced Dividend Income

Current Tax Treatment

- Singapore adopts a **one-tier corporate tax system**
 - ✓ Tax paid by a Singapore company on its chargeable income is the final tax
 - ✓ Therefore, all dividends paid by a Singapore resident company are **exempt** from tax in the hands of the shareholders

Dividend Income

Foreign-sourced Dividend Income

Current Tax Treatment

- Foreign-sourced dividend received in Singapore is taxable at 17% (i.e. current corporate tax rate) unless tax exempt
- For Singapore tax residents, double taxation is relieved by:
 - ✓ Double taxation relief under tax treaties; or
 - ✓ Unilateral tax relief

Dividend Income

Tax Exemption for Foreign-sourced Dividend

- Granted to all persons resident in Singapore
- Provided the following conditions are met:
 - ✓ Foreign-sourced dividend income has been subjected to tax in foreign jurisdiction;
 - ✓ Headline tax rate of foreign jurisdiction is at least 15%; **and**
 - ✓ Tax exemption is beneficial to the resident

Dividend Income

Concessionary 'Group' Treatment

All investments in shares and stocks are divided into 4 groups

Group 1	Non-income producing shares (whether local or foreign shares)
Group 2	Shares which generate tax-exempt dividend income (e.g. one-tier and foreign-sourced dividend income remitted to Singapore in the year and exempted from tax)
Group 3	Income producing shares in overseas companies where dividend income is remitted to Singapore in the year and taxable in Singapore.
Group 4	Income producing shares in overseas companies where dividend income is not remitted to Singapore in the year.

Dividend Income

Concessionary 'Group' Treatment

Group 1

- Expenses are not deductible as the expenses incurred on the shares do not produce dividend income taxable in Singapore

Group 2

- Allows the deficit (expenses in excess of dividend income) arising within a group from any block of shares for a particular year to offset against the net dividend income for the same year from other blocks of shares within the same group
- Net deficit of any group shall be disregarded and cannot be set-off against net dividend income of another group or other sources of income

Dividend Income

Concessionary 'Group' Treatment

Group 3

- Allows the deficit (expenses in excess of dividend income) arising within a group from any block of shares for a particular year to offset against the net dividend income for the same year from other blocks of shares within the same group
- Net deficit of any group shall be disregarded and cannot be set-off against net dividend income of another group or other sources of income

Group 4

- Expenses relating to income-producing shares held overseas are not tax deductible if the dividend income from these shares is not remitted to Singapore in the same year. However, under the liberalised tax treatment*, companies can opt to carry forward allowable expenses incurred in Singapore for the purpose of generating foreign dividend income, even if that income is not remitted to Singapore in the same year. These carried-forward expenses can be deducted in future years when the corresponding foreign income is remitted to Singapore.

* Refer to e-Tax Guide on IRAS' website at [iras.gov.sg](https://www.iras.gov.sg)

[Quick links > e-Tax Guides > Liberalised Treatment of Expenses Incurred In Singapore To Derive Foreign Income](#)

Dividend Income

Example of the Concessionary 'Group' Treatment

A company remits the dividend income it receives from foreign companies A and B (i.e. same group).

Shares in company	Net dividend income / (deficit)	Without concession	With concession
A	S\$1m	S\$1m	S\$1m
B	(S\$2m)	Disregarded	(\$2m)
Net dividend income:		S\$1m	NIL*

* Net deficit is disregarded

Interest Income

Current Tax Treatment

- Taxable at 17% (i.e. current corporate tax rate) when accrued in or remitted to Singapore
- For Singapore tax residents receiving foreign-sourced interest, double taxation is relieved by:
 - ✓ Double taxation relief under tax treaties; or
 - ✓ Unilateral tax relief

Rental Income

Current Tax Treatment

- Taxable at 17% (i.e. current corporate tax rate) when accrued in or remitted to Singapore
- For Singapore tax residents receiving foreign-sourced rental income, double taxation is relieved by:
 - ✓ Double taxation relief under tax treaties; or
 - ✓ Unilateral tax relief

‘Block’ Basis Concession

- The income producing properties form a single “block” where net rental loss from one property is deductible against net rental income from other properties
- This excludes owner-occupied or vacant properties (non-income producing properties)

Rental Income

Example of the 'Block' Basis Concession

A company rented out its properties A and B.

	Without concession	With concession
Property A: Net rental income of S\$30,000	S\$30,000	S\$30,000
Property B: Net rental loss of S\$40,000	Disregarded	(S\$40,000)
Net rental income	S\$30,000	NIL*

* Net loss will be disregarded

Summary of Common Types of Passive Income

Type of Income	Tax Treatment
Dividend	<ul style="list-style-type: none">▪ All dividends paid by a Singapore resident company are exempt from tax in the hands of the shareholders▪ Foreign-sourced dividend received in Singapore is taxable at 17% (i.e. current corporate tax rate), with tax exemption or tax relief available subject to qualifying conditions▪ Concessionary “Group” treatment for dividend income
Interest	<ul style="list-style-type: none">▪ Interest income is taxed when accrued in or remitted to Singapore
Rental	<ul style="list-style-type: none">▪ Source of rental income is based on where the property is situated▪ “Block” basis concession for rental income

Deductible Expenses

	Direct expenses	Statutory and Regulatory expenses	Other Allowable expenses
What is it?	<ul style="list-style-type: none"> Expenses directly incurred to earn investment income 	<ul style="list-style-type: none"> Expenses incurred in accordance with statutory and regulatory provisions 	<ul style="list-style-type: none"> Expenses not directly incurred to earn investment income
Examples	<ul style="list-style-type: none"> Custodian fees (for income producing shares) Property tax, insurance, repairs & maintenance (for rental properties) Interest expense (on loan taken to acquire shares / property) 	<ul style="list-style-type: none"> Accounting fees Annual listing fees Audit fees Bank charges Income tax service fees Printing and stationery Secretarial fees 	<ul style="list-style-type: none"> Directors' fees Office rental Office telephone charges Office water and light Staff salaries Transport expenses (exclude expenses incurred on S-plated cars which are not deductible)
Deductibility	<ul style="list-style-type: none"> Deductible against the respective source of investment income 	<ul style="list-style-type: none"> Deductible under S14V of the ITA 1947 Apportion to the respective source of investment income 	<ul style="list-style-type: none"> Only a reasonable amount of such expenses is allowable As a guide, the total amount of such expenses should not exceed 5% of the company's gross investment income Apportion to the respective source of investment income

Example 1: Single-Source Income

YA 2024

Investment income	S\$
Rental income	3,000

Expenses	S\$
Property tax	300
Repair of property	500
Audit fee	2,000
Secretarial fee	1,000
Bank charges	500
Staff salaries & CPF	1,000

Direct Expenses

Statutory/ Regulatory Expenses

Other Expenses

Example 1: Single-Source Income (Cont'd)

YA 2024

Tax Computation - YA 2024	S\$	S\$
Rental income		3,000
Less: Direct Expenses		
Property tax	(300)	
Repair of property	(500)	(800)
Less: Statutory and Regulatory Expenses		
Audit fee	(2,000)	
Secretarial fee	(1,000)	
Bank charges	(500)	(3,500)
Less: Other Allowable Expenses		
Staff salaries & CPF (Lower of actual expenses or 5% of gross rental income)		(150)
Net rental income / loss	Note: Net rental loss is disregarded	
Chargeable income before exempt amount		NIL
Tax Payable @17%		NIL

Example 2: Multiple sources of income

YA 2024

Investment income	S\$
Rental income	2,000
Interest income	200,000
Total	202,000

Expenses	S\$
Property tax	300
Repair of property	2,000
Audit fee	2,000
Secretarial fee	1,000
Bank charges	500
Staff salaries & CPF	1,000

Direct Expenses

Statutory/ Regulatory Expenses

Other Expenses

Example 2: Multiple sources of income (Cont'd)

Common expenses	S\$
Audit fee	2,000
Secretarial fee	1,000
Bank charges	500
Staff salaries & CPF <u>Capped at lower off:</u> 5% of total investment income of \$202,000 or Actual amount incurred of \$1,000	1,000
Total	4,500

Statutory/ Regulatory Expenses

Other Allowable Expenses

Source of income	Share of common expenses	S\$
Rental	4,500 x (2,000 / 202,000)	45
Interest	4,500 x (200,000 / 202,000)	4,455

Example 2: Multiple sources of income (Cont'd)

Tax Computation - YA 2024	S\$	S\$
Rental income		2,000
Less: Direct Expenses		
Property tax	(300)	
Repair of property	(2,000)	(2,300)
Less: Share of Common Expenses		(45)
Net rental income	* Net rental loss is disregarded	NIL*
Interest income		200,000
Less: Direct Expenses		NIL
Less: Share of Common Expenses		(4,455)
Net interest income		195,545

Example 2: Multiple sources of income (Cont'd)

Tax Computation-YA 2024		\$
Chargeable income before exempt amount		195,545
Less: Exempt amount		
First \$10,000 x 75%	7,500	
Next \$185,545 x 50%	92,773	(100,273)
Chargeable income after exempt amount		95,272
Tax payable @17%		16,196.24
Less: Corporate Income Tax (CIT) Rebate [(\$16,196.24 x 50%) - \$2,000]		(6,098.12)*
*Assume that company qualifies for the CIT Rebate Cash Grant		
Net Tax Payable		10,098.12

What is exempt amount?

What is CIT rebate and CIT Rebate Cash Grant



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

[Taxes > Corporate Income Taxes > Specific Industries > Investment Holding Companies](#)



Partial Tax Exemption

- Partial tax exemption on chargeable income taxed at 17% of up to \$200,000

Chargeable Income	% Exempted From Tax	Amount Exempted From Tax
First \$10,000	75%	\$7,500
Next \$190,000	50%	\$95,000

- Maximum exempt amount is \$102,500 (\$7,500 + \$95,000)

Note: An investment holding company is not eligible to claim the tax exemption for new-start up companies. However, it is still eligible for the partial tax exemption.



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

[Taxes > Corporate Income Taxes > Basics of Corporate Income Tax > Corporate Income Tax Rate, Rebates & Tax Exemption Schemes](#)



Corporate Income Tax (CIT) Rebate and CIT Rebate Cash Grant for YA 2024

- For YA 2024, a CIT Rebate of 50% of tax payable will be granted to all taxpaying companies. The CIT rebate (if any) will be computed and incorporated in their YA 2024 tax assessments based on the Form C-S/ Form C-S (Lite)/ Form C submitted by the companies automatically.
- Companies that employed at least one local employee in 2023 (referred to as “Local employee condition”) will receive a \$2,000 cash payout (referred to as “CIT Rebate Cash Grant”) by 3Q 2024. The maximum total benefits of CIT Rebate and CIT Rebate Cash Grant that a company may receive is \$40,000, and it will be granted as follows:

If company meets local employee condition and receives CIT Rebate Cash Grant of \$2,000	If company does not meet local employee condition and does not receive CIT Rebate Cash Grant of \$2,000
If CIT Rebate \leq \$2,000, no CIT Rebate to be given. If CIT Rebate $>$ \$2,000, CIT Rebate (capped at \$40,000) less \$2,000 to be given.	If CIT Rebate $>$ \$0, CIT Rebate (capped at \$40,000) to be given

Note: A company is considered to have met the local employee condition if it has made CPF contributions to at least one local (i.e., Singapore Citizen or Permanent Resident) employee, excluding shareholders who are also directors of the company, in the calendar year 2023.



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

[Taxes > Corporate Income Taxes > Basics of Corporate Income Tax > Corporate Income Tax Rate, Rebates & Tax Exemption Schemes](#)



Things to Note

1. Expenses attributable to non-income producing investments are **not deductible**

Example:

Interest expense incurred to acquire shares that did not yield dividend

Property tax incurred for vacant property not rented out

Things to Note

2. Deficit/loss (expenses in excess of income) from any source of investment is to be disregarded, and cannot be:
- **Set-off** against the income of another source
 - **Carried forward** to offset against future income
 - **Transferred out** under the group relief system
 - **Carried back** to the immediate preceding YA

However, an investment holding company can claim **current year loss items** transferred to it by a related company under the group relief system.

Things to Note

3. Not eligible to claim capital allowances on plant and machinery purchased (e.g. computers) [reason: an investment holding company is not carrying on a trade or business]

However, an investment holding company can claim Land Intensification Allowance (LIA) if it meets the qualifying conditions.

Things to Note

4. Is income distribution from Real Estate Investment Trusts (REITs) taxable?

The nature, tax treatment and applicable period/ Year of assessment of each REIT distribution are reflected in the Annual Distribution Statement issued by the Central Depository Pte Ltd (CDP).

A REIT distribution is taxable in the hands of corporate unit holders unless stated otherwise* in the CDP statement.

The REIT distribution is taxable in the Year of Assessment as reflected in the CDP Statement.

* E.g. Distribution is tax-exempt, distribution is a return of capital

Things to Note

5. Can an investment holding company that also provides routine support services (as per Annex C of the Transfer Pricing Guidelines) to its related parties remain on the “Cost plus mark up basis of assessment” (CM basis)?

An investment company has to use the “Normal Trading company” basis of assessment.

The CM basis of assessment is only applicable for pure service companies providing certain routine support services [[Annex C of the e-Tax Guide on Transfer Pricing Guidelines](#) (PDF, 1.35MB)] to only its related parties.

[Basic Format of Tax Computation for an Investment Holding Company that Also Provides Routine Support Services to its Related Parties](#) (PDF, 224KB)

Things to Note

6. Are expenses incurred to secure a tenant deductible against the rental income of that property?

Prior to YA 2022	From YA 2022
<p>Prior to YA 2022, the costs for getting the first tenant is not allowed.</p> <p>Only the following are allowable:</p> <p>Agent's commission, advertising, legal expenses and stamp duties for getting subsequent tenants.</p> <p>Agent's commission, advertising, legal expenses and stamp duties for getting the first tenant of an additional property is deductible against the rental income of that property.</p>	<p>From YA 2022, agent's commission, advertising, legal expenses and stamp duties incurred to obtain, grant, renew or extend a lease for first and subsequent tenants are allowed.</p> <p>Note: No deduction is allowed for the following types of leases:</p> <ul style="list-style-type: none"> a) any lease, or any renewal or extension of a lease, for a term that (excluding any option for the renewal or extension of the lease) exceeds 3 years; b) any acquisition, grant, novation, transfer or assignment of a lease because of any acquisition, sale, transfer or restructuring of any business; or c) a lease under an arrangement where the property is sold by, and leased back to the seller of the property.

Things to Note

7. Declaration in **Form C-S (Lite)**

- Declare your investment income by completing items 7 to 9
- Complete Part C- 'Information from financial statements'

7.	Net Rental Income i	<input type="text" value="0"/>
8.	Interest Income i	<input type="text" value="0"/>
9.	Other Taxable Income i	<input type="text" value="0"/>

Form C-S (Lite)

Part C - Information from Financial Statements		SS
Information from Financial Statements		
17.	Revenue i (Enter the revenue as per the financial statements for period ending in 2023)	<input type="text" value="0"/>
18.	Non-Taxable Income i	<input type="text" value="0"/>

The 'Revenue' on item 17 refers to company's main source of income. For an Investment holding company, it would be its investment income (e.g. dividend, interest and rental).

This 'Revenue' field will be prefilled for Form C-S/ Form C-S (Lite) based on the amount entered at the 'Form Type Selection' page. You can revise the amount in this box.

Things to Note

7. Declaration in **Form C-S**

- Declare your investment income by completing items 14a to 16

		Form C-S
14a.	Gross Rental Income i	<input type="text" value="0"/>
14b.	Less: Deductible Expenses i	<input type="text" value="0"/>
14c.	Net Rental Income i	<input type="text" value="0"/>
15.	Interest Income i	<input type="text" value="0"/>
16.	Other Taxable Income i	<input type="text" value="0"/>

Things to Note

8. Declaration in **Form C-S (Cont'd)**

- Complete Part C- 'Information from financial statements'

Form C-S

Year of Assessment 2024

Part C - Information from Financial Statements

S\$

Information from Financial Statements

24. Revenue i (Enter the revenue as per the financial statements for period ending in 2023)	<input type="text" value="0"/>
25. Gross Profit/ Loss i (Enter negative sign for Gross Loss, e.g. '-123456')	<input type="text" value="0"/>
26. Directors' Fees and Remuneration i	<input type="text" value="0"/>
27. Total Remuneration excluding Directors' Fees i	<input type="text" value="0"/>
28. Medical Expenses i (Enter the deductible amount)	<input type="text" value="0"/>

Form C-S

The 'Revenue' on item 24 refers to company's main source of income. For an Investment holding company, it would be its investment income (e.g. dividend, interest and rental).

This 'Revenue' field will be prefilled for Form C-S/ Form C-S (Lite) based on the amount entered at the 'Form Type Selection' page. You can revise the amount in this box.

- Declare your investment income by completing items 1b to 2

Example: Investment income for YA 2024 is \$1,600 from rent. To put this under item 1d instead of 1a.

Things to Note

9. Declaration in Form C (Cont'd)

- Complete fields that are applicable to the company such as exempt foreign dividend under sec 13(8)

Form C

11. Chargeable Income after Group Relief (Item 10) to be taxed at rates other than 17%	Declare if applicable ▼
12. Tax Set-Offs ⓘ	Declare if applicable ▼
13. Tax Deducted at Source	Declare if applicable ▼
14. Tax to be Remitted under Sections 92(1) and 92(2) ⓘ (Do not include Corporate Income Tax Rebate)	0.00
15. Exempt Income/ Loss for Current Year of Assessment ⓘ	Click to Hide ▲

Type of Tax Incentive* ⓘ

Amount*

<div style="display: flex; align-items: center;"> <div style="background-color: #007bff; color: white; padding: 2px 5px; border-radius: 50%; margin-right: 5px;">-</div> <div style="background-color: #f0f0f0; padding: 5px; border: 1px solid #ccc;">Exempt Foreign Dividends, Branch Profits and Service Inc - S13(8) of ITA</div> </div>	12,500
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------

[+ Add another row](#)

Maximum 6 rows

Example: Exempt investment income (Sec13(8) exempt foreign dividend) for YA 2024 is \$12,500

Things to Note

9. Declaration in Form C (Cont'd)

- Complete fields that are applicable to the company such as exempt foreign dividend under sec 13(8)

Additional Info

Part C Foreign Tax Paid on Foreign Income Received in Singapore [Click to Hide ▲](#)

17.	Nature of Income*	Country/ Territory*	Amount* i
	---- Select ----	Specify	0.00
+ Add another row			Maximum 6 rows

Part D Exemption on Foreign Dividends, Branch Profits and Service Income Received in Singapore [Click to Hide ▲](#)


18.	Nature of Income*	Country/ Territory*	Headline Tax Rate (%)*	Amount* i
	---- Select ----	Specify	%	0
Is the income subject to tax in the country/ territory from which it was received?*				<input type="radio"/> Yes <input type="radio"/> No
If the answer to the above question is "No", is the income exempt from tax as a result of incentive granted by foreign jurisdiction?*				<input type="radio"/> Yes <input type="radio"/> No
+ Add another row			Maximum 6 rows	

Form C

Things to Note

9. Declaration in Form C (Cont'd)

- Complete 'Data as shown in the Financial Statements' under 'Assessment 2'

33. Revenue* 	<input type="text" value="0"/>
34. Purchases	<input type="text" value="0"/>
35. Gross Profit/ Loss	<input type="text" value="0"/>
36. Inventories	<input type="text" value="0"/>
37. Sales, General and Administrative Expenses (Excluding Directors' Fees & Remuneration and Head Office Expenses)	<input type="text" value="0"/>
38. Directors' Fees and Remuneration	<input type="text" value="0"/>
39. Head Office Expenses	<input type="text" value="0"/>
40. Other Receivables	<input type="text" value="0"/>
41. Trade Receivables	<input type="text" value="0"/>
42. Trade Payables	<input type="text" value="0"/>
43. Net Profit/ Loss before Tax	<input type="text" value="0"/>

Form C

The 'Revenue' on item 33 refers to company's main source of income. For an investment holding company, it would be its investment income (e.g. dividend, interest and rental).

Summary of Tax Treatment for Investment Company Income

Items	Tax Treatment	Method of Claiming
Deductible expenses	1. Direct expenses	Deduct against each source of income
	2. Statutory and regulatory expenses	Apportion to each source of income
	3. <u>Other allowable expenses</u> - Only a reasonable amount of such expenses is allowable. - As a guide, the total amount of such expenses should not exceed 5% of the company's gross investment income	
Losses	Losses <u>cannot</u> offset against: • Other sources of income • Future income	N.A.
Capital Allowances	Not allowable	N.A.
Loss Carry-back	Not allowable	N.A.
Group Relief loss items	Cannot transfer out loss items but can claim current year loss items transferred to it	Claim loss items transferred to it to arrive at Chargeable Income



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Investment Dealing Company

Section 10(1)(a) of ITA

What is an Investment Dealing Company?

- Principal activity is to carry on a business of investment dealing
- Owns investments such as properties and shares as a form of trading stock
- Derive trade income from purchase and sale of investments [S10(1)(a)] e.g. gain on sale of real properties and shares

Summary of Tax Treatment for Investment Dealing Company

Items	Investment Dealing Company S10(1)(a)
Investment Income	Taxable
Gains/ Losses of sale of investment	Taxable/ deductible
Expenses	Expenses allowed in accordance with S14 & S15
Trade losses	Can offset against other sources of income/ future income
Capital allowances (CA)	<ul style="list-style-type: none"> - Can claim CA on qualifying plant or machinery - Unabsorbed CA can be offset against other sources/ future income, subject to same business test and shareholder test



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A Company in the Business of Making Investments Section 10(1)(a) subject to Section 10D

What is a Company in the Business of Making Investments

- Principal activity is that of carrying on a business of making investments
- Owns investments such as properties and shares for the business of making investments; e.g. a business of letting immovable properties or service apartments
- To derive investment income as a trade [S10(1)(a)], subject to S10D restriction

What is a Company in the Business of Making Investments

S10D Restriction

- a. Any outgoings or expenses incurred in respect of investments which do not produce any income are not deductible;
- b. Any outgoings or expenses incurred in respect of investments which produce income are only deductible against the income derived from such investments. The balance of any outgoings and expenses which cannot be set off in that year shall be disregarded; and
- c. Capital allowances are only deductible against the income derived from investments which produce income. The balance of any allowances which cannot be set off in that year shall be disregarded.



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

[Quick links > e-Tax Guides > Ascertainment of Income from Business of making Investment](#)



Summary of Tax Treatment for Company in the business of Making Investments

Items	Company in the business of making investments S10(1)(a) subject to S10D
Investment Income	Taxable
Gains/ Losses of sale of investment	Not taxable/ not deductible provided that the facts of the case shows that the gains are indeed capital in nature
Deductibility of expenses	Only expenses incurred on income-producing investments allowed
Trade losses	Cannot offset against other sources of income/ future income
Capital allowances	<ul style="list-style-type: none">- Can claim CA on qualifying plant or machinery- Unutilised CA cannot offset against other sources/ future income



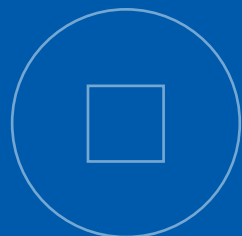
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Tax Exemption For Foreign-sourced Income



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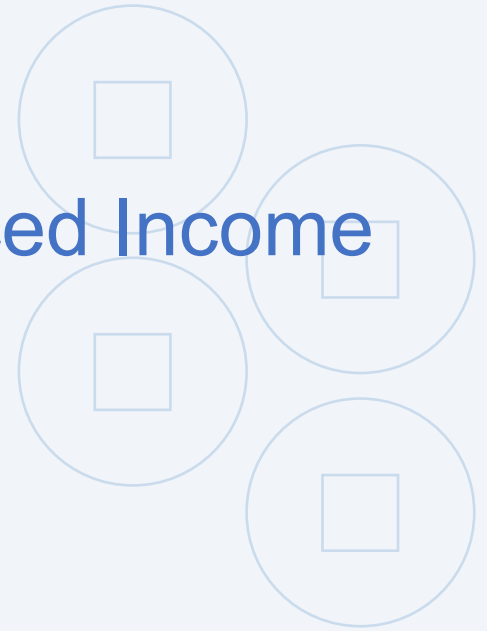
Case Study



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Case Study 1

- Investment Holding Company with Foreign Tax Credit and Exemption of Foreign-sourced Income



Case Study 1: Investment Holding Company

YA 2024 (Basis period: 01/04/2022 to 31/03/2023)

Investment income	S\$
Singapore dividend income (1-tier exempt)	35,000
Dividend income received from a Malaysia company	100,000
Interest income received from Indonesia	24,000
Rental income	35,000
Other investment income	10,000
Total income	204,000

Case Study 1: Investment Holding Company (Cont'd)

Expenses	S\$
Custodian fee (for Singapore tax-exempt dividends)	2,400
Interest on term loan (acquiring property for rental)	45,000
Property tax (property rented out)	1,600
Repair and maintenance (property rented out)	7,000
Auditor's remuneration	3,000
Bank charges	500
Secretarial and tax services	2,000
Director's fee	60,000
Depreciation	5,000

Direct Expenses

**Statutory/ Regulatory
Expenses**

Other Expenses

Non-Deductible Expense

Case Study 1: Investment Holding Company (Cont'd)

Other allowable expenses not exceeding 5%	S\$
Director's fee	60,000
Capped at 5% of \$204,000 (total income)	10,200
Other allowable expenses (Lower of A or B)	10,200

→ A

→ B

Common expenses	S\$
Auditor's remuneration	3,000
Bank charges	500
Secretarial and tax services	2,000
Director's fee (capped at 5% of total income)	10,200
Total common expenses	15,700

Case Study 1: Investment Holding Company (Cont'd)

YA 2024 (Basis period: 01/04/2022 to 31/03/2023)

Tax Computation - YA 2024	S\$	S\$
Singapore tax-exempt dividend		35,000
Malaysia dividend (foreign-sourced) - Exempt		100,000
		135,000
Less Direct Expenses- custodian fee	(2,400)	
Share of Common expenses		
[135,000/ 204,000 x 15,700]	(10,390)	(12,790)
Net dividend income (subject to tax)		Tax Exempt

Malaysia dividend income is exempt under Section 13(8).

Qualifying conditions met:

- 1) Dividend income has been subjected to tax in Malaysia;
- 2) Headline tax rate in Malaysia is more than 15%; and
- 3) Beneficial for tax exemption

Case Study 1: Investment Holding Company (Cont'd)

Tax Computation- YA 2024	S\$	S\$
Indonesia Interest Income (foreign-source) ^		24,000
Less: Direct Expenses	NIL	
Share of Common Expenses	(1,847)	
$[24,000 / 204,000 \times 15,700]$		(1,847)
Net interest income (subject to tax)		<u>22,153</u>

^ The interest income has been subjected to withholding tax of 10% in Indonesia

Case Study 1: Investment Holding Company (Cont'd)

Tax Computation- YA 2024	S\$	S\$
Rental income		35,000
Less: Direct Expenses		
Interest on term loan	(45,000)	
Property tax	(1,600)	
Repairs and maintenance	(7,000)	
	(53,600)	
Less: Share of Common Expenses		
$[35,000 / 204,000 \times 15,700]$	(2,694)	(56,294)
Net rental income		NIL*

* Net rental loss is disregarded

Case Study 1: Investment Holding Company (Cont'd)

Tax Computation- YA 2024	S\$	S\$
Other investment income		10,000
Less: Direct Expenses	NIL	
Share of Common Expenses		
$[10,000 / 204,000 \times 15,700]$	(770)	
		<u>(770)</u>
Net income (subject to tax)		9,230
Chargeable income before exempt amount		<u>31,383</u>

Case Study 1: Investment Holding Company (Cont'd)

Tax Computation- YA 2024	SS\$	S\$
Chargeable income before exempt amount		31,383
Less: Exempt Amount		
First \$10,000 X 75%	(7,500)	
Next \$21,383 X50%	(10,692)	(18,192)
Chargeable income after exempt amount		<u>13,191</u>
Tax Payable @17%		2,242.47
Less: Double Tax Relief (DTR)*		<u>(1,582.94)</u>
Net tax payable after DTR		659.53
Less: Corporate income tax (CIT) rebate (\$659.53 x 50%)		(329.77)**
** Assume that company did not qualify for the CIT Rebate Cash Gant		<u>329.76</u>
Net tax payable		<u><u>329.76</u></u>

*DTR is the **lower** of:

- S\$ 2,400 (The actual amount foreign tax paid to Indonesia); or
- S\$1,582.94 (The amount of Singapore tax attributable to the foreign-sourced income (net of expenses) S\$2,242.47 x [S\$22,153 / (S\$22,153 + S\$9,230)])

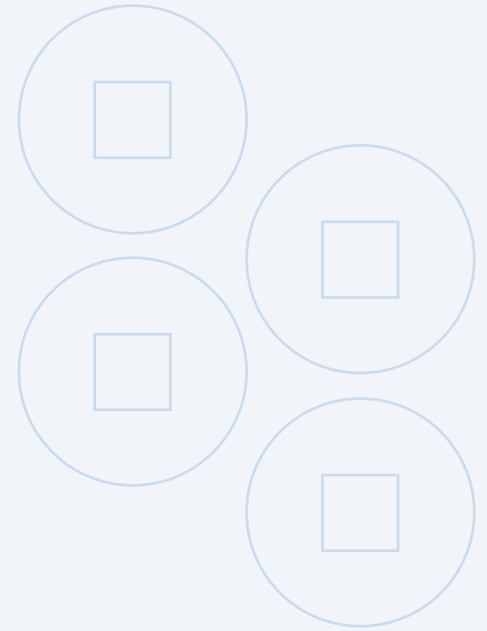
For more information on how to compute foreign tax credit, you may click [here](#).



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Case Study 2

- Trading & Investment Holding Company



Case Study 2: Trading and Investment Holding Company

YA 2024 (Basis period: 01/04/2022 to 31/03/2023)

Sales	750,000
Less: Cost of goods sold	345,000
Gross Profit	405,000
<u>Other Income</u>	
Dividend (1-tier)	35,000
Interest income	24,000
Rental income	40,000
	504,000
Less: Expenses	
Custodian fees (for S'pore tax-exempt dividends)	2,400
Property tax (for property rented out)	1,600
Repair and maintenance (for property rented out)	7,000
Audit fee	3,000
Director fees	12,000
Depreciation	1,000
Salaries/bonus/allowances and CPF	80,000
Secretarial fees	2,000
	109,000
Net Profit Before Tax	395,000

Case Study 2: Trading and Investment Holding Company (cont'd)

Additional Information from the Balance Sheet:

Fixed assets addition

Computer S\$1,000

Capital allowances (CA)

Description of asset	Cost S\$	100% CA S\$	Tax written down value S\$
Computer	1,000	1,000	NIL

Case Study 2: Trading and Investment Holding Company (cont'd)

Tax Computation- YA 2024	S\$	S\$
Net Profit before Tax		395,000
Less: Separate Source of Income		
Singapore dividends	(35,000)	
Interest income	(24,000)	
Rental income	<u>(40,000)</u>	<u>(99,000)</u>
		296,000
Add: Disallowable Expenses/ Separate Sources		
Depreciation	1,000	
Property tax (Rent)	1,600	
Repair and maintenance (Rent)	7,000	
Custodian fees (Dividend)	<u>2,400</u>	<u>12,000</u>
Adjusted Profit		308,000
Less: Capital allowance for YA 2024		<u>(1,000)</u>
Adjusted Profit after capital allowances		307,000

Case Study 2: Trading and Investment Holding Company (cont'd)

Tax Computation- YA 2024	S\$	S\$
Add: Separate Source of Income		
Singapore tax exempt (1-tier) dividends	35,000	
Less: Custodian fees	<u>(2,400)</u>	Tax Exempt
Interest Income		24,000
Rental Income	40,000	
Less: Property Tax	(1,600)	
Repair and maintenance	<u>(7,000)</u>	<u>31,400</u>
		362,400
Less: Exempt Amount		
First \$10,000 x @ 75%	(7,500)	
Next \$190,000 x @ 50%	<u>(95,000)</u>	<u>(102,500)</u>
Chargeable income after exempt amount		<u>259,900</u>
Tax payable @17%		44,183.00
Less: Corporate income tax (CIT) rebate (\$44,183 X 50%) – \$2,000		(20,091.50)*
* Assume that company qualifies for the CIT Rebate Cash Grant		
Net tax payable		<u><u>24,091.50</u></u>

Assistance and Service Channels



Website
www.iras.gov.sg

- [Home > Digital Services > Companies/ Tax Agents](#)
- [Home > Digital Services > Others > Corppass](#)
- Live Chat



Email

- Email us at [myTax Mail](#)



Helpline

- For companies: 1800-356-8622
- 8.00am to 5.00pm from Mondays to Fridays
 - Best time to call: 8.30am – 10.30am
 - Best day to call: Friday



Annexes

Keeping Your Company's Particulars Up-To-Date

Particulars that must be kept up-to-date:

- Update the company's business activity (i.e. SSIC Code) with ACRA via [BizFile+](#)
- Update the address of the company's registered office with ACRA via [BizFile+](#)
- Update the company's financial year end (FYE) with ACRA via [BizFile+](#)
- Update the company's functional currency only it is not 'Singapore dollar' at [mytax.iras.gov.sg](#)
- Update your company's "Notice preference" (to receive either email notifications or paper notices) at [mytax.iras.gov.sg](#)

Why is it important to keep these details up-to-date?

- Business activity (i.e. SSIC Code) may be used for tax assessment purposes
- All Notices will be sent based on the company's notice preference
- IRAS' record of your company's FYE can affect:
 - Our record of your ECI due date
 - Our record of whether the company can be accorded the Tax Exemption for qualifying New Start-Up Companies

How to Change Your Company's Particulars

- Company's staff or tax agent who has been authorised with an "Approver" role can log in to mytax.iras.gov.sg to update the company's:
 - Functional currency
 - Notice preference
- These particulars will be updated immediately upon successful submission. For changes in notice preference, the changes will take effect within 7 days



Company's Business Activity (i.e. SSIC Code)

- If the company's principal activity has changed such that its business activity (i.e. SSIC Code) is different from that provided to ACRA at the point of incorporation, please:
 - Update the company's new business activity with ACRA via [BizFile+](#)
 - Email IRAS via [myTax Mail](#) to inform us of the company's new business activity and the effective date of change together with a copy of the Business Profile extracted from ACRA's [BizFile](#)

IRAS and ACRA are working together to explore having ACRA transmit the information to IRAS in future as part of our broader collaboration with ACRA to have a common point for obtaining companies' details.



Company's Registered Address and Financial Year End

- View your address and financial year end at the “Update Corporate Profile/ Contact Details” digital service at mytax.iras.gov.sg
- If the address is not that of your company's registered office/ there is a change in your company's financial year end:
 - You will need to inform ACRA via [BizFile+](#) on the change in the company's particulars
 - There is no need to inform IRAS separately. IRAS updates its records based on the information filed with ACRA on a weekly basis
 - However, for urgent updating of address by IRAS, you may email us via myTax Mail with these details:
 - Company's tax reference number
 - Company's name
 - Company's new address that has been updated with ACRA



When to Pay Your Tax



- Companies must pay the tax stated in the Notice of Assessment (NOA) **within 1 month** from the date of the NOA
- E.g. **Date of NOA:** 1 Jan 2025
Payment due date: 1 Feb 2025