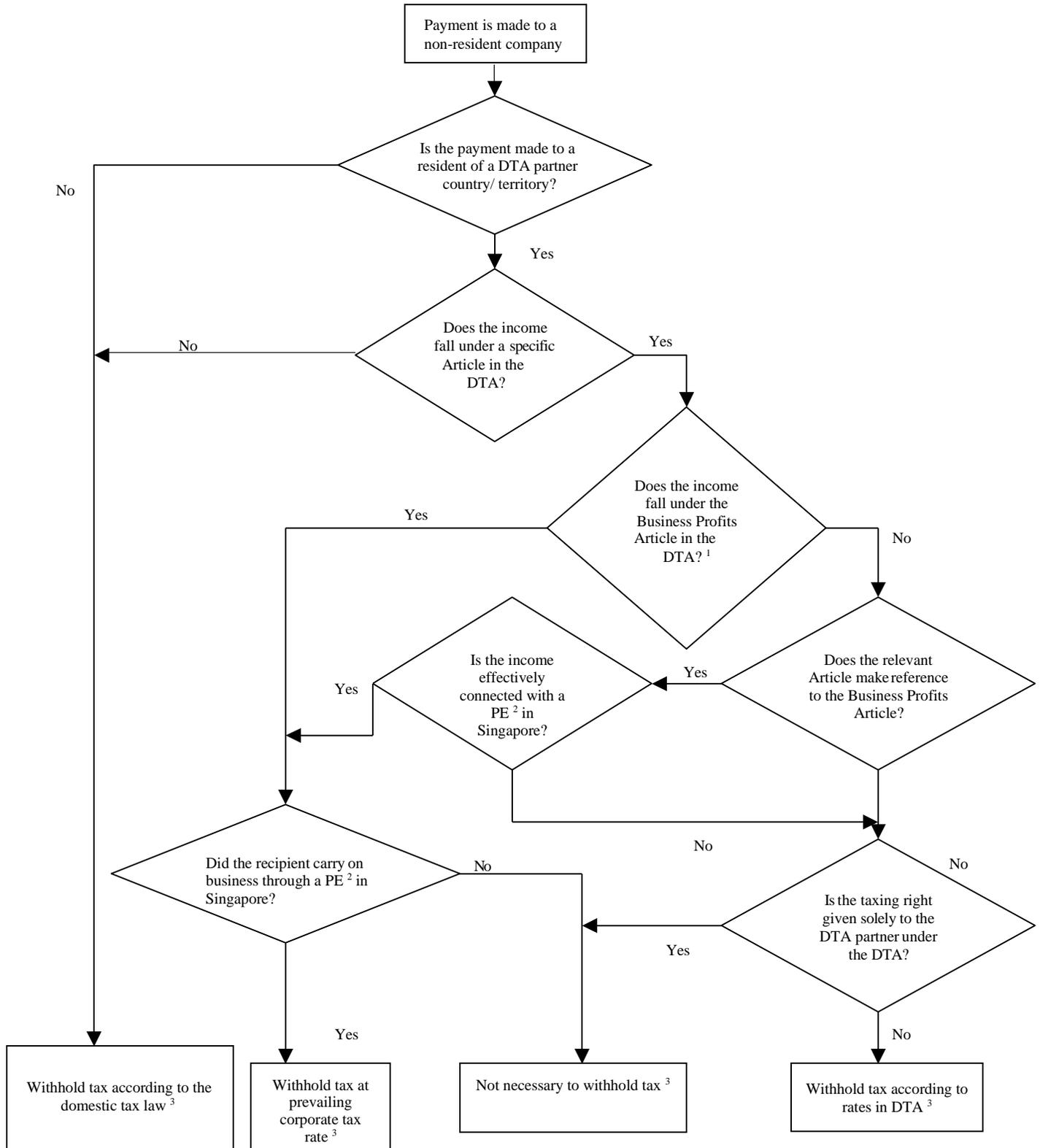


**GENERAL OVERVIEW OF WITHHOLDING TAX ON INCOME DEEMED TO BE SOURCED IN SINGAPORE UNDER SECTIONS 12(6) AND 12(7) OF THE INCOME TAX ACT**



<sup>1</sup> Examples of Business Profits Article can be found in Article 5 of Australia DTA and Article 7 of China DTA. Where specific payments (i.e. payments for labour or personal services) are excluded from the Business Profits Article of the DTA (Australia\*, Pakistan, Republic of Korea<sup>#</sup>, Sweden and Taiwan), the income will be subject to tax at the prevailing corporate tax rate regardless whether the services were provided through a PE in Singapore.

*\*With effect from 1 May 2018, the income derived by a non-individual (e.g. company) tax resident in Australia from the provision of services in Singapore through employees or other personnel engaged by the non-individual would be considered as profits of an enterprise and Articles 4 and 5 would be the applicable articles. Consequently, the service income will only be subject to tax in Singapore if the provision of services constitutes a PE in Singapore under the provisions of Article 4 of the Singapore-Australia DTA. This means that no withholding tax is applicable on the service income if there is no PE in Singapore. For more information, please refer to footnote 1 of Article 2 of the [DTA](#) (PDF, 278KB) which documents the mutual agreement reached by the competent authorities of Singapore and Australia.*

*<sup>#</sup>This refers to the DTA with Republic of Korea (“ROK”) signed 6 November 1979. There is a [revised DTA](#) (PDF, 661KB) with ROK signed on 13 May 2019 and effective from 1 January 2020. Under the revised DTA, profits derived by an enterprise from the performance of professional services and other activities of an independent character fall under the Business Profits Article. This means that the service income will only be subject to tax in Singapore if the services are performed through a PE in Singapore.*

<sup>2</sup> Permanent Establishment (PE) is defined for in DTAs e.g. in Article 4 of Australia DTA and Article 5 of China DTA.

<sup>3</sup> Please refer to “File Withholding Tax” in our IRAS website on how to report S45 withholding tax, claim for relief from Singapore income tax under the DTA and the documents to submit.