

If **acquired in SG**, **taxable** for both Coy & Indiv. If **soIs**, indiv **not taxable**, but for coys **10(25): Actual & Deemed Remittance** (e) Remitted back into SG (b) Applied towards repaying debt for business in SG (c) Purchase of movable property **BLT not applicable to** (a) NR, with no operations in SG (b) Overseas investments (c) Remittance of 'mixed pool' of capital + income & **Exempted if**: Income was subject to foreign tax of ≥ 15%
If taxable, at what rate? For individuals, depend on RNR, for companies: 17% flat
Test of residence (Individual): Quitative (physically present OR employed) → Qualitative
 (Pass either test sufficient) R≥183days, NR: 1st 60 days not taxable, 60-183days: higher of 15% or R tax rate
2-year (total income=\$22k NT) & **3-year administrative concession** (1st & 3rd yr <183days)
NB: E/m tests NA for directors → taxed @ 20% straight (if qualitative test pass or > 183 days → director is R)
Test of residence (Coy): location of mgmt. and control, board meetings
When is the income assessable for tax? **Basis Period (BP)**: Preceding year of Year of Assessment (YA)
Individual: 10(1)(a) = a/c period; others = calendar year; **Company**: all a/c period (if first a/c period > 12 mths → BP for 2 x YA)
Distinguishing btw Income vs. Capital – Tree & Fruit; Fixed & Circulating Capital, Enduring Benefit Test – 1. Sale of biz assets (capital) 2. Distinguish of profit-making apparatus (capital) 3. Receipts in lieu of trading receipts (income)
 4. Compensation for sterilization of capital asset or loss of monopoly rights (capital) 5. Recurrent receipts (income)

Company's Tax Computation	ITA
ACCOUNTING NET PROFIT BEFORE TAX	
Income not assessed under s10(1)(a)	s10(1), s13
Less: Taxable non-trade income i.e. s10(1)(d) – (g) / Add: related expenses	
Less: Non-taxable income i.e. capital gains, exempt income (s13) / Add: related expenses	
Add: Non-deductible expenses e.g. depreciation, amortization, donations	s14 & s15
Less: Capitalized expenses capitalized in BS but is revenue expenditure for tax	s14 & s15
Less: Special Deductions	s14A, D, H, N, P, H, U
Usually these are non-deductible under s15 → check if already deducted in income sheet	
Less: PIC / Enhanced Deductions add 300% up to \$1.2k for each of the 6 activities	s14A(TA), T, W, DA(2), R, S
If for R&D, local → additional 50% PIC for R&D → 250-300% depending	
Less: Double Deductions (+ 100%)	s14B, DA(1), E
Less: Renovation & Refurbishment See S14Q (Special Deduction)	s14Q
Adjusted 10(1)(a) Profits	
Add: Balancing Charge from CA / WDA	s19
Less: Balancing Allowance from CA	
Less: CA / WDA (unutilized from prior YAs then current)	
Unabsorbed CA from Prior Years (No partial setoff allowed) – FIFO Basis, subject to: 1. Same Trade Test from which allowance arose 2. Less than 50% change in SHs of the coy on relevant dates: (1) Last day (31 Dec) of YA in which surplus arose (2) First day (1 Jan) in YA in which CA is set off. How? Identify COMMON S/H on relevant days → Total c/t at least 50 % on both days?	
S23/5 Waiver of Shareholding test for b/f amounts SH Test for CF amounts can be dismissed if substantial change in shareholdings is not tax-motivated. Conditions: 1) CF losses can only be set off with identical trade income . 2) CF donations set off against S.I.	
Add: Enhanced CA / WDA add 300% up to \$1.2k for each of the 2 activities	s19A, B
Less: Trade losses (unutilized from prior YAs then current)	s37
*As CA + Losses are to be claimed against same trade income first , before income from other trades → sources SH Test (see above) ; Last day of YEAR in which surplus arose ⇔ First day in YA in which CA is set off.	
s37(16) Waiver of Shareholding test for b/f amounts (see above)	
Add: Taxable non-trade income / Less: related expenses	s10(1)(d) to (g)

Statutory Income
 Less: **Trade losses** (unutilized from prior YAs then current) *only when Adj profit < CA
 Less: **Approved Donations** (unutilized from previous YAs then current)
Both: 1) Cash to approved IPC or SG Govt; (2) Approved artefacts & sculptures to approved museums; (3) Land and building to IPC; **Only coys:** Computers to prescribed institutions **Only indivs:** Lished shares and unit trusts to Lands
250% wef 1.1.09 to 31.12.15, subject to max 5 years
For CF from prior years, same conditions as trade loss

Assessable Income
 Less: **Group Relief** (from another coy within group limited to A)
Excess + Current CA, Losses, Donations can be transferred to > 1 coy if it is within the **same group**.
 Max transferable amt is **lower** of the deduction items or recipient's A.
To determine eligibility of members of a group: (1) Corporate entity. (2) Incorporation in SG. (3) Same acct Y/E (4) **1st level:** 75% ORDINARY shares (right to participate in distribution of profits) → held **directly or indirectly, by a company** or by a 3rd company. **How?** → Base 'coy for transfer' → sees if other coys are members by calculating **effective** shareholding. **2nd level:** entitled to 75% of residual profits and/or assets.
 → 75% test must be met on last day of BP for transfer? → For full transfer, 75% test must be met THROUGHOUT BP.
 If not → lower of proportion of deduction items or recipients A **according to days in year** (e.g. if A transfers to H, then pro-rata B will take pro-rated of (H-A) amt)
Conditions of transfer: 1) Surrender all, no partial. 2) Members of a group. 3) Not applicable to special classes of income – S10D(CA from finance leases), S10H(CA from motor car rental & driving companies), S10E (investment holding companies). 4) Not allowed if coy's income is wholly exempt.
 Less: **Carry Back Relief** (only for 1 year, limited to A or cap of 100k for both CA + Losses)
 A only for **CURRENT YEAR CA** and **Trade Losses** must first be set off against other income for the year before C/B CA subject to the same time test and shareholding test with relevant dates of (1) 1st day in the YA in which the excess arose and (2) Last day of the YA in which the loss is to be set off.
Losses are only subject to the **shareholding test** with relevant dates of (1) 1st day of the year in which the losses occurred and (2) Last day of the YA in which the loss is to be set off.

Chargeable Income
 Less: **Full Tax Exemption** (max \$100k)
 For new coys in first 3 YAs, 1st 100k is 100% exempt. **Conditions:** (1) New coy incorporated in SG; (2) Tax R in SG; (3) ≤ 20 indiv S/H or 1 indiv S/H holding at least 10% shares
 Less: **Partial Tax Exemption** (max deduction \$152.5k (if CI ≥ 300k), if there's FTE: max \$100k) → 1st 10k is 75% exempt, next 290k is 50% exempt
Tax Payable at Corporate Rate of 17%
 Less: **30% Tax Rebate** (YA2013 – YA2015, max deduction \$30k)
 Less: **PIC Cash Conversion** *Only convert if Net Profit is only a few hundred k. (don't convert if few million)
Cash Payout (Non-Taxable): YA 2011 & 2012 combined \$200,000 @ 30%; YA 2013-15 \$100,000 per YA @ 60% (cap across all 6 activities) i.e. cash amt is 60k, but need to incur qualifying expense during BP + employ at least 3 local employees) → Only (1) A/c of PAE, (2) A/c of IP and (3) Reg of IP is on a 'per item' basis (try not to convert as excess amt will be forfeited for base deduction/CAWDA)
 Less: **Tax Deferrable**
 If you have **qualifying PIC expenditure incurred in BP for next YA**, you are able to defer tax payable. The amount you are able to defer is the **lower** of (1) Tax for current YA (2) Amt of Q-Exp (3) \$100,000

Other Income 10(1)(d): (1) Dividends; sg dividends & REITS not approved banks, sg dividends **only taxable for coys** which remit to sg; (2) interest: when due or receivable (NOT on receipt/accrual basis (only if earned on 10(1)(a) outstanding trade debt)) from **non-approved banks/FIs** (indiv & approved banks) (Rcoys); (3) Discounts: of T-bills, amt = purchase price – par value, **taxable on maturity date 10(1)(e)**; (4) Pensions: only sg gov't certain pension pmts **not taxable**; (2) charge e.g. annuity/pmt **(not taxable)**; (3) annuity e.g. girlfriend; insurance annuities (not taxable unless received from SRS or annuity policy is bought by your employer in place of pension or other benefits → 3% taxable on total paid for annuity per year of annual income receipt → 100% of excess taxable when acc. ROC > total amt paid; or 50% of annual payouts from SRS)
 10(1)(f): (1) Rental: when due & payable (not on receipt), individual source or block basis (only for commercial); **allowable expense:** interest paid on housing loan, property tax incurred during rental period, premiums paid for fire insurance, repairs to restore original state, mtc, replacement of F&F, utility exp, mgmt. fees, agent commission/ advertising/ legal stamp duty fees (but **not for very first tenant**) (2) Royalties: when it is due and payable, **concession** of lower of net royalties or 10% of gross royalties 1/authors/composers or approved innovations, (3) Premium: amt paid for grant of a lease **taxable** and (4) any other income of revenue nature (see Tree vs. Fruit) gains from betting **not taxable**

Exempt Income (s13): profits from operation of Sg ships, indiv of NR and indivs from approved banks, Sg dividends, death gratuities, CPF withdrawals, gop pensions, distributions from REITS (only for indivs) & registered biz trusts
S15 Disallowed Expenses: See if expenses are specifically non-deductible: (a) **Capital expense:** e.g. (1) Depreciation & Amortization, (2) Club membership fee: **non-deductible**; entrance fee to club; **deductible**; GST included subscription fees of membership, (3) Pmt to IP owner: **non-deductible**; buying over IP (EB < 1 BP); **deductible**; pmt for right to use biz (EB < 1 BP). (4) **Installation cost of FAs:** (5) **FA Acq cost / written off:** (6) **Goodwill pmt.** (7) **Fees w/ new tenancy agreement deductible;** if renewal of agreement
(B) Expenses not wholly & exclusively produced for income e.g. (1) Domestic/private expense (i.e. not incurred for biz purpose), (2) Improvements: **non-deductible**; if add value to original asset, e.g. R&R leads to improvement (i) claimable CA and R/P or IBA/LIA (affects structure of bldg), (ii) relates to biz setting → **special deduction under s14Q**; **deductible**; e.g. R&R that constitutes repair/mgmt with no improvement, (3) **Sum recoverable under insurance: non-deductible**; amt claimed for losses, **deductible**; when underinsured; (4) **Taxes: non-deductible**; (a) Income tax paid in Singapore or OIs, (b) GST Input tax (Paid) – if the person is required to (i) register for GST (annual T/O > \$1ml) but fails to do so OR is entitled to GST claimable; (ii) GST Output Tax: borne by a person registered for GST; (iii) Property tax: If it is any property used for acquiring income - deductible; when no income is derived - tax will be **non-deductible**; (6) **Interest paid to NR if no tax withheld.** (8) **Donations** *see Approved Donations, (9) **Fines & penalties** (10) **Prepaid expenses** (not relating to the relevant BP)
S14 Allowable Deductions (If allowable, leave it alone)
 = Expenses incurred wholly & exclusively in the production of income (concessions + restrictions)
 1. **Interest expense (apportion if needed, relate to income-producing assets only): non-deductible; non-trade i/r exp:** add back when due or payable e.g. loans used to pay dividends, acquire private assets, pay overdue income tax, investments in shares/securities which **have not yielded dividends**, amt owing to non-trade/sundry debtors or related coys, finance pre-commence biz activities **deductible**; e.g. used for purchase of biz assets, property for which income is derived, outgoings in normal course of use. **Concession from IRAS:** Interest incurred on loan to refinance previous loans – ONLY IF for genuine reasons e.g. lower interest rates (Wef YA2008, other qualifying borrowing cost also deductible: Guarantee fees, Bank option fees, Discount/Premium on debt securities payable on maturity/early redemption, Prepayment fees/early redemption fees, Extension fees, Conversion & cancellation fees, i/r cap premiums and swap pmts, increased costs specified in loan agreement)
 2. **Repairs, Renewal, & Replacement: non-deductible;** if replacement results in improvement (consider CA); subsequent repairs required to render asset in working condition that lowered acq price of asset, replace roof / chimney – entirely, **deductible**; repair / replacement to income-producing asset which put it back to original state. *For replacement/renewal, only if asset did not qualify for CA, then claim deduction i.e. repair cost of an asset that claimed CA → deduction
 3. **Rental of premise: non-deductible;** for rental of premise not for producing income; **deductible** if used for biz purposes
 4. **Provisions for doubtful debts / obsolete stocks / warranty: non-deductible;** (i) pre-FRS 39 treatment adopted – generally not deductible; (ii) if FRS39, impairment losses that are not related to trade e.g. loans to staff written off (non-trade debt), provision for rental not deductible; **deductible;** (iii) pre-FRS39 treatment adopted – specific provision, (iv) FRS39 – no more general/specific provision, **only impairment losses** (wrt to trade or included in trading record when they were incurred) are deductible
 5. **Bad Debt: non-deductible;** non-trade related e.g. on loan to employees, partner, creditors, if coy takes over another and its debts, subsequent bad debts not deductible except where **deductible**; wrt s10(1)(a), with biz still carrying on in BP where bad debt was incurred e.g. actual bad debt expenses **Subsequent recovery → trading income**
 6. **CPF & Pensions/Society: non-deductible;** excess or voluntary top up to CPF, Medicare (cap of \$1.5k), SRS, or Min Sum Top-up Scheme (cap of 7k); contributions to non-obligatory pension funds, or for foreign workers e.g. with work permit / prof visit pass
 7. **Medical expenses: non-deductible;** amt in excess of 1%2% of remuneration depending if there is PMBS; **deductible;** 1%/2% of remuneration: all pmts in cash [salary, allowance, incurred leave pay], compulsory CPF but **excludes** director fees, Bk, cash allowance in lieu of medical expenses **Medical expenses:** provision of a medical clinic by the employer; cash allowance in lieu of medical exp; dental expenses; premium incurred on medical and dental insurance; and contributions made to the employees' CPF/Medicare accounts (max \$1.5k each) + GST
 8. **Motor vehicle expense: non-deductible;** expenses for provision of private cars, reimbursement of private car expenses, lease car; **deductible;** only taxi, vans/lorries/motorcycle, transport allowances to coy fully **deductible** – but taxable to employees, and motor car registered outside SG and used exclusively outside Sg (before YA2014 100% if cost of car < \$35k, if not: 35k/cost of car x expense incurred; from YA2014, deductible in full)
 9. **Legal & Prof fees: non-deductible** if of capital nature e.g. Income tax appeal, Architect fees, Fees to purchase shares or land, Stamp duties on new lease agreement, **Biz startup expenses:** Licence fee, Registration fee (ACRA), signboard fee; **deductible** if incurred in normal course of biz / rev nature e.g. auditor's fee, debt collection, defence of patent rights
 10. **Forex loss: non-deductible;** forex loss capital in nature e.g. loss incurred in purchase of assets from o/s or repmt of foreign currency loans; **deductible;** losses arise from purchasing trading stock. **Concession by IRAS:** even if unrealized (no pmt made or received)
 11. **Salaries:** generally **deductible** (only up to amt of reasonable s/c performed) including compulsory CPF, Medicare, BIK (except private car), tax allowance, compensation for loss of office, ex-gratia retirement pmts + outplacement support cost (only if biz continuing), rental of accoms for employees; **non-deductible** pmt to immediate family,
 12. **Keyman insurance: non-deductible;** premiums are not deducted if his employee/family is beneficiary of insurance or if coy cannot continue w/o the employee i.e. sole proprietor; **deductible;** insurance premiums if objective is to compensate coy for loss of profits due to death or disability for key personnel i.e. sole proprietor

Is expense a special deduction i.e. not normally allowed under S14? *Only for 10(1)(a)
S14A: Patenting Costs: qualifying IP reg costs includes official fees e.g. filing/application of patent, search and examination report, & prof fees e.g. advice for validity/infringement of patent/amt of patent → PIC (S14A(1A))
S14C: R&D: development + research (s14 & s15) if not deductible → **SD S14D**
In SD: in-house: 100% + qualifying exp ED S14D(1A); **outsourced/cost-sharing:** 100% + qualifying exp ED S14D(1A) (subject to 60% of all pmts if < 60% are qualifying; → ED S14D(1A) → PIC (S14D(2)) and/or ED S14E
Outside Sg → only if related to trade → 100% → PIC (S14D(2)) and/or ED S14E
S14H: Bldg Modification: for handicapped employees, up to cap of 100k
S14I: JTC/HDB Land Premium (expired from 28/2/13): amt deductible per year = premium + duration of lease, if > 10% of built-up area on land is not used for qualifying activity, amt deductible will be proportionately reduced
S14J: Treasury Shares: ES/IEER: amt deductible = actual cost in acquiring TS transferred to employees – any amt payable by employees for TS, at time of exercise/selling to employees **respectively**. According to acst sids, fair value of ESOs and shares granted to employees must be recognized as an expense; therefore, **add back fair value a priori**
S14K: R&R: only if there is 10(1)(a)1/3 deductible per year, full amt in a yr only for exp incurred in YA2010 & YA2011; wef YA2013: cap of 300k per 3 year period (prevly 150k for YA2009-YA2012), 3 yr period start when 1st incurs and claims R&R cost. **No deferral** but if there is unutilized claim (due to insufficient trade income) → can be c/f or opt; transferred under group relief system (wef YA2013). **No deduction for exp incurred** on any designer fees or professional fees; antique, any type of fine art; or works carried out in relation to a place of residence provided to the company's employees (applies to expenditure incurred from 18 Dec 2012) ⇔ **exclusive from S19/19A or S14(1)(c)**
S14L: Pre-commencement exp: (1) exp incurred in a/c period in which commencement took place (2) exp incurred in preceding a/c period. = **all deductible;** subject to S14/15. **Special Deductions & PIC** will also apply.

Double Deductions (must qualify for 1st deduction of 100% a priori)
S14B: Trade Fairs: first \$100k expense no need approval. If A&A provided, only 2 staff costs allowed for double deduction. **Qualifying expenses** = stand rental, construction, deco cost, related mktg exp, insurance for TF duration
S14D(1A): R&D: additional 50% on qualifying exp which **includes** staff costs (excl. director fees), consumables, other exp prescribed by MOF, only if conducted within Sg
S14E: RJC (ending 31/3/15): Projects approved by EDB, claim only if exceed PIC (-1+2+3a).

If deductible: Enhanced Deductions claimable? PIC (YA2011-12: \$800k, YA2013-15 & YA2016-18: \$1.2m)
 Additional 300% deductible of cap up to \$400k per activity per year → PIC follows base - deductible or CA (IA or AA)
 1. **Acq. & lease of automation equip (s14T): Combined cap. PIC to lessee** based on leases pmts (unless treated sold = CA); **not allowed** if equipment subleased or allowance prvly made under S19/S19A w/retention. **Includes cloud computing (deduction) & software (lease or acq)** → CA. *See PIC for Acq.
 2. **Acq. & licensing of IPR (s14W): Combined cap. Licensing** based on royalty fees paid for using IP, but **not allowed** if from related party with 10(1)(a) in SG that acquired/developed the IP bef YA2011. *See PIC for Acq.
 3. **Registration of IP (s14A(1A)):** includes official fees paid to Registry of Trade Marks/Designs/Plant Varieties or equivalent & professional fees incurred. **Must own IP for min 1 year → if not, claim back on ED**
 4. **R&D (s14D(2A), 1):** S14D: 100% deductible. 2) s14D(1A): 50% enhanced, **qualifying R&D in Sg 3a)** s14D(2A); 250% enhanced for R&D in Sg + 300% enhanced for R&D outside Sg, 3b) s14E – If approved proj & vendor claim PIC, 50% (if in Sg) or 100% (if off-shore) enhanced. **Subject to max 200% deduction S14, S14D, S14DA.**
 5. **Training (s14R): in-house:** includes remuneration paid to trainers, rental of training facilities, meals & refreshments, training materials & stationery, **excludes** pay of admin staff, accounts, travel, or transport exp of employees *wef YA2012, 10,000 per year cap for internal if **not accredited** by WDA/ITE; **outsourced:** courses fees paid **excludes** accoms / OH
 6. **Design (s14S):** submitted 2 mths prior to commence, approved by Design Council Singapore, industrial or prodt design project, **includes** staff cost of in-house remuneration cost of qualified designer (excl. directors' fees) engaged; **outsourced:** remuneration to approved design s/c provider relating (60% if < 60% is staff cost). **At least 3 of phases carried out wholly in Sg:** (1) design research, (2) idea generation, (3) concept develop, (4) technical develop, (5) comm
PIC + for SMEs (YA2013-15: \$1.4m, YA2016-18: \$1.8m)
 Implemented in 2015, Annual T/O < \$100m OR total em < 200, on Group basis
PIC Bonus (Taxable): \$ for bonus, min PIC spending \$5k, max \$15k for YA2013 – YA2015; can still (1) **deduct** 400% for PIC or (2) **convert** to cash (60% of actual expenditure)

Capital Allowance is deducted after Adjusted Profits. What can be claimed under CA?
 CA: granted only for 10(1)(a) income; **WDA:** only for coys. **No need to apportion!** If 1 mth left to YE, can still claim full CA.
1. Plant & Machinery (P&M): depends on nature of trade: not stock-in-trade → used for 10(1)(a) income production → not part of business premise (part of premise is R&R instead)
Fixed assets that qualify for CA
 Carpet
 Containers used for carriage of goods by any mode of transportation
 Electrical & electronic equipment (e.g. air-conditioning system, security/alarm system, sprinkler system and electrical appliances)
 Furniture and fixtures
 Industrial plant and machinery
 Motor cars (only company registered or those registered outside & used exclusively outside Sg) = ceiling of \$35k
 Motorcycle and bicycle
 Motor vehicle (goods / commercial vehicle such as pick up, van, truck, lorry and bus)
 Movable partitions
 Office equipment (e.g. computer, printer, photocopier, fax machine and telecommunication equipment)
 Showcase or display lightings
 Signboard and other signage
 Venetian blind & curtain
Fixed assets that do not qualify for CA
 Awning*
 Container office
 Designer's fees on renovation
 Doors, roller shutters and gates*
 Electrical fittings* (except cabling for identifiable plant, switchboard and transformer)
 Fixed ceiling, ceiling boards and other ceiling work*
 Frieze partitions, wall tiles and other wall finishes*
 Floor tiles, raised floors or other flooring work*
 Lightings and light fittings*
 Motor vehicle (S-plate private passenger car)
 Water and gas piping
 * can claim R & R s14Q for expenditure incurred from 16 Feb 2008 onwards

(A) Q-Exp for P&M: all cost in acquiring the asset (include delivery & installation, alteration to existing building & professional / repair fees incidental to installation, removing old P&M + reinstalling new P&M costs, COE) and **excludes** financing cost & restoration cost. **Deduction for non-trade source** → expenses under s14(1)(c) renewal / replacement basis. **Deduction for 10(1)(a)** → expenses or normal/accelerated CA: **CA claimable for P&M → Initial Allowance (IA)** when expenditure is incurred in BP; **Annual Allowance (AA)** when asset is in still in use **at the end of the BP**
 1. s19 normal: IA 20% (can forgo but can't defer), AA = (cost – IA) / tax life as per 6th schedule (can defer)
 2. s19A: 33 1/3% AA over 3 years. For all s19 items **except motorcycles**, goods vehicles < 3,000kg, & Q-plate motor cars outside Sg. Can defer, but **not YA2009**, once claim must claim for conseq 3 years. **Wef YA2009**, any YA @ 3 & s19(2): 100% AA. For computers (hardware & software), **prescribed** automation equip, robots, energy efficient equip, highly efficient pollution ctrl equip, replacement goods vehicles/buses, and items < \$5k per item **wef YA2013**, prior \$1k → subject to cap \$30k p/a. If **excess** cap, can still claim s19/19A → can claim immediate write-off of WDV of for these assets if doesn't exceed \$30k cap of subsequent YAs (after claiming other small items of 100%)
 4. s19A(1B): 75% 1st year, 25% 2nd year → for exp (that don't qualify for 1) incurred in YA2010 & YA2011 (for hire purchase, other pmt claim same)
(B) Q-Exp for R&D not related to biz: i.e. not 10(1)(a) incurred in YA2009-13, in-house/outsourced in Sg
Balancing adjustments (allowance/charge): computed when CA was prvly claimed, and asset sold or ceased to be used. **BA = WDV > SP** (treated like CA); **BC = SP > WDV** but restricted to total CA claimed (treated like income, excess over total CA claimed is treated as capital gain)
Hire Purchase: pay instalments to acquire asset → if portion deductible under s14, **capital (incl. deposits) claims CA**.
 (i) s19: IA = 20% of capital pmts made during BP. AA = 80% of qualifying cost (i.e. total capital pmt / tax life)
 (ii) s19A: AA = capital pmts made during BP (100% or 33 1/3%)
Leased Assets: lessor claims CA regardless unless finance lease is treated as sales agreement (i.e. purchase option, limited use of asset, sale & leaseback of used asset, lessor related to lessee not at arm's length, leveraged lease)

TAX TREATMENT	Lessor	Lessee	PIC if AE?
Operating lease	Claim CA on cost of asset (100%), if AE, PIC not allowed due to leasing.	S14 deduction on lease pmt (100%) S14 deduction on Lease pmt = P + i/r (100%)	PIC AE lease (400%) PIC AE lease *based on P + i/r (400%)
Finance lease	Taxed on ir income, cannot claim CA.	Claim CA on cost of asset (100%) + S14 deduction on ir expense = HP	PIC Acq of AE (400%) = HP
Finance lease treated as sales	Taxed on ir income, cannot claim CA.		

Note: Principal portion of finance lease usually capitalized → check if need to 'deduct back' in expenditure
S21 Replacement of P&M: can opt to set off BC from disposal of old asset against cost of new asset. **Replacement** has to be similar to original. New asset deemed cost will be lower → calculate IA / AA based on deemed cost. If new asset disposed, BC cap + initial BC set off + CA claimed. **S24 Sale to Related Party:** election made by both buyer & seller if related (i.e. holding coy & subsidiary). Asset must be used in production of income & not leased by seller to buyer a priori. Seller deemed to sell asset at WDV (resulting in a nil BC) and buyer takes over WDV of asset & continue claiming CA as per before sale.
PIC for Acquisition of Prescribed AE: 100% base deduction under s19A(2) → 300% enhanced CA. **Share same cap with leases of AE if present.** Includes software, not allowed for purpose of leasing AE, claimed inv allowance under EEIA, or purchased under HP prior to YA2011.
If purchased under HP, PIC cap will use the full upfront cost (i.e. total capital repayments) of the asset → CA claimed for YA (i.e. base allowance) will be still based on the amt of capital repmt in BP → Wef YA2012-15, cash payout option avail for repmt schedule straddling across ≥ 2 BPs. **Exp** cap based on full cost of asset (excl. finance charges), while amt of cash payout based on principal repaid during the yr
If purchased + disposed within a year, (i) EA claimed: balancing adjustment calculated based on BA of 100%, EA of 300% deemed as income chargeable in year of disposal; (ii) cash payout claimed: full recovery by IRAS
If purchased + disposed > a year, (i) EA claimed: balancing adjustment calculated based on BA of 100%, remaining EA unclaimed allowed in year of disposal; (ii) cash payout claimed: no recovery by IRAS
For cash payout, only made on per equipment basis, no partial conversion allowed. If capital expenditure > cash payout cap, excess expenditure is forfeited, and no more CA can be claimed for that asset ⇔ **Payout for leasing of AE need to be on per equipment basis**
2. S19B Intellectual Property Rights (IPR): wef ≥ Nov 2003, eligible for WDA of 20% per annum over 5 years. Capital expenditure is included in lease fees, registration fees (but can claim under s14A), stamp duty & other costs related to the acquisition of the IPR. **Applicable for both legal/economic owners of IPR;** MDEC coys WDA of 50% p/a over 2 years. **N.A.** for acq of IP from related party whom claimed s14 deductions in creation of IP. **If before writing down period ends:**
 • IPR ends/cancellation of trade → no WDA for that YA
 • IPR sold/transferred/assigned → no WDA for that YA + BC = lower of actual amt of BC or total WDA prvly granted
 • If after writing down period ends: BC = lower of SP or cost
 *BC same treatment as P&M, BA is not given for WDA.

Other Income 10(1)(d): (1) Dividends; sg dividends & REITS not approved banks, sg dividends **only taxable for coys** which remit to sg; (2) interest: when due or receivable (NOT on receipt/accrual basis (only if earned on 10(1)(a) outstanding trade debt)) from **non-approved banks/FIs** (indiv & approved banks) (Rcoys); (3) Discounts: of T-bills, amt = purchase price – par value, **taxable on maturity date 10(1)(e)**; (4) Pensions: only sg gov't certain pension pmts **not taxable**; (2) charge e.g. annuity/pmt **(not taxable)**; (3) annuity e.g. girlfriend; insurance annuities (not taxable unless received from SRS or annuity policy is bought by your employer in place of pension or other benefits → 3% taxable on total paid for annuity per year of annual income receipt → 100% of excess taxable when acc. ROC > total amt paid; or 50% of annual payouts from SRS)
 10(1)(f): (1) Rental: when due & payable (not on receipt), individual source or block basis (only for commercial); **allowable expense:** interest paid on housing loan, property tax incurred during rental period, premiums paid for fire insurance, repairs to restore original state, mtc, replacement of F&F, utility exp, mgmt. fees, agent commission/ advertising/ legal stamp duty fees (but **not for very first tenant**) (2) Royalties: when it is due and payable, **concession** of lower of net royalties or 10% of gross royalties 1/authors/composers or approved innovations, (3) Premium: amt paid for grant of a lease **taxable** and (4) any other income of revenue nature (see Tree vs. Fruit) gains from betting **not taxable**

Exempt Income (s13): profits from operation of Sg ships, indiv of NR and indivs from approved banks, Sg dividends, death gratuities, CPF withdrawals, gop pensions, distributions from REITS (only for indivs) & registered biz trusts
S15 Disallowed Expenses: See if expenses are specifically non-deductible: (a) **Capital expense:** e.g. (1) Depreciation & Amortization, (2) Club membership fee: **non-deductible**; entrance fee to club; **deductible**; GST included subscription fees of membership, (3) Pmt to IP owner: **non-deductible**; buying over IP (EB < 1 BP); **deductible**; pmt for right to use biz (EB < 1 BP). (4) **Installation cost of FAs:** (5) **FA Acq cost / written off:** (6) **Goodwill pmt.** (7) **Fees w/ new tenancy agreement deductible;** if renewal of agreement
(B) Expenses not wholly & exclusively produced for income e.g. (1) Domestic/private expense (i.e. not incurred for biz purpose), (2) Improvements: **non-deductible**; if add value to original asset, e.g. R&R leads to improvement (i) claimable CA and R/P or IBA/LIA (affects structure of bldg), (ii) relates to biz setting → **special deduction under s14Q**; **deductible**; e.g. R&R that constitutes repair/mgmt with no improvement, (3) **Sum recoverable under insurance: non-deductible**; amt claimed for losses, **deductible**; when underinsured; (4) **Taxes: non-deductible**; (a) Income tax paid in Singapore or OIs, (b) GST Input tax (Paid) – if the person is required to (i) register for GST (annual T/O > \$1ml) but fails to do so OR is entitled to GST claimable; (ii) GST Output Tax: borne by a person registered for GST; (iii) Property tax: If it is any property used for acquiring income - deductible; when no income is derived - tax will be **non-deductible**; (6) **Interest paid to NR if no tax withheld.** (8) **Donations** *see Approved Donations, (9) **Fines & penalties** (10) **Prepaid expenses** (not relating to the relevant BP)
S14 Allowable Deductions (If allowable, leave it alone)
 = Expenses incurred wholly & exclusively in the production of income (concessions + restrictions)
 1. **Interest expense (apportion if needed, relate to income-producing assets only): non-deductible; non-trade i/r exp:** add back when due or payable e.g. loans used to pay dividends, acquire private assets, pay overdue income tax, investments in shares/securities which **have not yielded dividends**, amt owing to non-trade/sundry debtors or related coys, finance pre-commence biz activities **deductible**; e.g. used for purchase of biz assets, property for which income is derived, outgoings in normal course of use. **Concession from IRAS:** Interest incurred on loan to refinance previous loans – ONLY IF for genuine reasons e.g. lower interest rates (Wef YA2008, other qualifying borrowing cost also deductible: Guarantee fees, Bank option fees, Discount/Premium on debt securities payable on maturity/early redemption, Prepayment fees/early redemption fees, Extension fees, Conversion & cancellation fees, i/r cap premiums and swap pmts, increased costs specified in loan agreement)
 2. **Repairs, Renewal, & Replacement: non-deductible;** if replacement results in improvement (consider CA); subsequent repairs required to render asset in working condition that lowered acq price of asset, replace roof / chimney – entirely,

IPR for Acquisition of IPR: 100% base deduction under s19B(1) → 300% enhanced CA. **Share same with licensing of IPR as present.** Allowed for legitimate IPR owner, **not allowed** for purpose of licensing partial rights to others, IPR granted waiver of legal ownership condition, & MDE approved by EDB.

For cash payout, only made on **per IPR basis** on full amt of BWDA + EWDA, **no partial conversion allowed**. If BWDA + EWDA > cash payout cap, excess WDA will be forfeited, and no more WDA can be claimed for the IPR. **CA can be on partial basis**

Disposal of IPR...	Within 1 year	2-5 years	After 5 years
Base WDA	If sale price > TWDV, balancing charge (capped at the amount of allowance granted previously) is brought to tax. If sale price < TWDV, balancing allowance is not allowed.	No claw-back of enhanced WDA previously granted. Balance of enhanced WDA is forfeited.	Balancing charge (capped at the cost of the IPR) is brought to tax
Enhanced WDA	Any enhanced WDA granted previously is deemed as income in the year of disposal. Balance of enhanced WDA is forfeited.	No claw-back of enhanced WDA previously granted. Balance of enhanced WDA is forfeited.	No claw-back of enhanced WDA.
Cash payout	Claw-back the entire cash payout/ PIC bonus in the year of disposal	Claw-back a proportionate amount of the cash payout/ PIC bonus in the year of disposal (see Note 1)	No claw-back of cash payout/ PIC bonus

Note 1: Amount to claw-back = [(5 - No. of complete years which the IPR was held)/5] x cash payout/ PIC bonus

3. Industrial Building & Structures:

(a) Industrial Building Allowance [IA = 25% (claim once in life of building) AA = 3% (must be in use @ end of BP)]
Wef YE06 to 22.10. **Conditions:** (1) qualifying trade (manufacturing), (2) qualifying bldg/str, (3) qualifying use.

Non-qualifying bldgs/structures: = dwelling house; retail outlets; showrooms; hotels; offices; BUT if Non-Q Exp < 10%, total cost of building qualify for IBA. Non-Q Exp > 10% only Q-costs allowed.

Qualifying exp: = Arched fees, legal fees, drainage & plumbing, WIP payments, exp relating to building.
Non-Q Exp: = cost of land, exp relating to purchase of land, ir exp on land acquired for bldg or land (deductible under s14)

Purchase of Bldg: IA and AA on net purchase price (only AA if it's a subsequent purchase i.e. not new)
Before YE06: For new purchase: Lower of construction cost or purchase price → If purchased from JTC, 95% of purchase price is deemed construction costs.

(b) Land Intensification Allowance [IA = 25% of Q-Exp in THE BP. AA (max 15 yrs) = 5% of Q-Exp]
Wef 23/10/2011. **New conditions:** 1) Qualifying structure 2) Qualifying activities 3) Meet the gross profit ratio 4) At least 80% of approved structure used by a single user. **Must apply to EDB** between 1/Jul/2010 to 30/Jun/2015 & be approved to claim CA. Only applies to **newly** constructed buildings, renovation & extension cost. **If the building at the end of the basis period is not in qualifying use, cannot claim AA.** However, if qualifying use resumes, can continue claiming.

Qualifying use/activities: are defined as 80% of total floor area is used by a single person for the purposes of specified trade at the end of the basis period. **Q-Exp:** Cost of feasibility study, design fees, cost of preparation plans, construction costs, renovation costs, extension costs, legal and professional costs and stamp duty. **On Disposal of LIA,** no further AA is claimable and there is **no B.C.B.A.**

How to classify the different income... (Determines ac basis or calendar basis, & subject to diff deductions)

10(1)(a) Six badges of trade: 1. Subject matter (personal consumption, investment, artistic/aesthetic) 2. Length of period of ownership 3. Frequency of similar transactions 4. Supplementary work 5. Motive 6. Mitigating factors

Profession vs. Em: degree of ctrl over how, when, where you work (master-servant) → **only 10(1)(a)** can claim losses + CA; **10(1)(b)** minimal exp deductions but if < 60 days exempt from tax. **NR employees granted S40B relief**

Individual Resident Tax Computation

	ITA
Add: Trade income from Sole Prop / Partnership (Adjusted 10(1)(a) profit of Coy)	s10(1)(a)
*Disallowed expenses i.e. sole prop / partner's salaries	
Less: CA (unutilized from previous YAs then current) net of BA/BC	s19
Add: Employment income (Adjusted 10(1)(b) of individual)	s10(1)(b)
*Calculate accommodation BIK last as it depends on total e/m income	
Less: Employment expenses	
3 conditions: (1) incurred when you are carrying out your official duties, (2) not reimbursed by your employer, (3) not of capital/nature in nature e.g. entertainment expenses for clients, travelling expenses for public transport, subscription fees paid to prof bodies.	
Add: Pension Income	s10(1)(e)
Earned Income (less 10(1)(a) business loss if applicable)	For EIR
Add: Other taxable income	s10(1)(d), (f), (g)
Rent less transfer of current year rental deficit to spouse (limited to amount of spouse's current rental income)	Concession for 10(1)(f)
Only until YA2015.	
Statutory Income	s35
Less: Trade Loss (unutilized from previous YAs then current)	s37
Less: Approved Donations (unutilized from previous YAs then current)	s37
(1) Cash to approved IPC or SG Govt; (2) Approved artefacts & sculptures to approved museums; (3) Land and building to IPC; (4) Listed shares and unit trusts to IPCs	
250% wef 1.1.09 to 31.12.15, subject to max 5 years	
Assessable income before S37D to S37F	s37
Transfer of current year's unutilized CA → Trade Losses → Donations btw spouses (limited to spouse's AI before S37D to S37F) Brought forward amounts can also be surrendered Only until YA2015. Except for Q-deductions incurred in / before YA2015 → can still do inter-spouse transfer up to YA2017, subjecting to existing rules.	s37D
Carry-back Relief (limited to AI or 100k before S37E to S37F) Only for CURRENT YEAR CA and Trade Losses	S37E
Transfer btw spouse CBR for CA and Trade Loss (limited to spouse's AI or 100k before 37F) Only until YA2015.	S37F
Assessable income after S37D to S37F	s37
Less: Personal Reliefs (for tax residents only, given annually)	s39
Chargeable Income	
Tax Payable Thereon based on Schedule 2 Part A before rebate	
Less: Rebates (balance not utilized can be c/f)	s42A
Net Tax Payable	

C/f or Transfer to Spouse for CA/Losses/donations

Excess	C/f	Transfer to Spouse (up to YA2015)
1. CA	Trade must still be carried on, no time limit for c/f	-Set off against the AI of taxpayer first → excess surrender to spouse in corresponding order (CA → Loss → Donations)
2. Trade loss	No req. and no time limit for c/f	-Amt of transfer is lower of: (i) CA/losses/donations; (ii) AI of spouse
3. Donations	C/f up to 5 years	-If there is rental loss 10(1)(f), can transfer to spouse's rental income specific

Partnership: Net Income / Loss + Non-Deductible Items = Adjusted Profits – (1) Partner Salaries, (2) Ir on Capital = Divisible Profits: Individual partners taxed on their share of divisible profits based on Profit-Sharing Ratio

Non-deductible items e.g. depreciation, donations, partner salaries, ir on capital, CPF

10(1)(a) Individual Computation on Share of Adj Profit = Divisible Profit + Salary of partner + ir on capital

CA (only partners remaining at end of year) & Donation deducted later also based on PSR. **Other income as well** This is **only for active** (got EIR) or **sleeping** (no EIR); **salaries partner** (got EIR) = **only 10(1)(b), no share of profit/loss**

If there are partnership changes (existing dies, resign, retire, or new joiner) → calculate **time-proportioned adjusted profits** for period of "old" and "new" partnership → **time-proportioned total salary**, ir on capital e.g. 3/12 x old total salary 90k vs. 9/12 x new total salary of 120k → deduce total divisible profit → for **indiv partner share of adjusted 10(1)(a)**, split everything according to old/new PSR → CA / Donations also based on old/new PSR

Note: disposal of asset deemed to have taken place when partnership changes, → **balancing adjustment (BA/BC)** **Noted elected for S24:** old partner deemed to have sold asset to new partner @ WDV. **NR Partners are also taxed:** if indiv, at 20%, if coy, at 17%

10(1)(b) Employment Income: sourced in sg if **exercise of e/m is in sg**; taxed on any benefit (cash or non-cash i.e. BIKs) from e/m; assessable on **accrual basis EXCEPT** (1) director fee (on AGM); (2) bonus if not contractual (on receipt)

(i) **Bonus:** contractual taxable when (i) employee is entitled to bonus (accrual) (ii) fulfill contingent conditions (iii) on receipt if paid in advance before they are met; **non-contractual** e.g. performance, contingent on coy perf taxable on receipt

(ii) **Allowance vs. Reimbursement:** allowance is taxable, but deductible for employee if incurred for biz → fully deductible by coy; reimbursement is not taxable unless private benefit (deductible by coy unless it is motor car)

(iii) **Pmts for restrictive covenants:** restrict employee's rights. **Not taxable.**

(iv) **Salary in-lieu of notice/notice pay:** i.e. for EARLY resignation/terminate contract. **Taxable**

(v) **Director's fee** (on AGM), **commission** [can be under 10(1)(a) or 10(1)(g)], **leave pay**

BIKs (Non-Taxable): 1. Uniform, 2. Pantry items, 3. Beneficial loans – see (8), 4. Training, 5. Normal medical & dental (include Group Medical Insurance avail to all staff) 6. OT transport/mile allowance (ad-hoc), 7. Coy bus transport 8. Reimbursement for medical care 9. Per diem allowance within IRAS rates

BIKs (Taxable): 1. Accommodation (Premise + F&F + Utilities) or Housing Allowance/Employer pays rent to landlord (tax in full) up to YA2014, taxable amt = lower of gains from e/m, or AV of premise (if not available, = rent for apartment – rent for furniture) → less own rental paid. **However for directors, taxable amt = AV** if under Contract of Rent Act or when director's remuneration < AV; if not do steps above Wef YA2015, taxable amt = AV of premise less own rental paid. Partially furnished = 40% of AV; fully = 50% of AV

For both, utilities cost paid by employer taxable in full; for gardener up to YA2014, lower of cost or \$35, after: actual cost

If provided part of year → apportion the AV and 10% e/m income Gains from e/m = adjusted 10(1)(b) less accosts

2. Hotel: up to YA2014, 250/mth per adult, 100/mth per child (8-20), 50/mth (3-7), 25/mth (<3) + 2% of basic pay over period of stay wef YA2015, full cost to employer less amt paid by employee assessable

3. Leave passage – full cost assessable for Singaporeans/PRS/West MSians BUT concession for expats: 20% of cost assessable – limit to 1 return per annum for e/m & spouse, 2 return per annum for each child (<16 years old, otherwise schooling or disabled); air passage to bring expat and fam to and from S'pore **not taxed**; Relocation passage **not taxed**; Cash in lieu (i.e. allowance) of home leave/relocation passage **taxable**.

4. Stock options: assessable at time of exercise of options → amt = mkt price at exercise date – price paid for options

If mortgaged period present → amt = mkt price at end of mortgaged period – price paid for options

For awards leaving sg premia → deemed exercise rule → amt = mkt price 1 mth before cessation of e/m – exercise price

Rule NA for expats if employee undertakes tracking option: expat can reassess tax liability if subsequent gains from exercise are lower than the calculated price. **NB: taxable only if granted wrt em exercised in SG**

5. Transportation: (a) **Provision of car:** amt = 3/7 x [(cost of car (including COE) – RV) (80% of open mkt value)]/10 + [0.55 (petrol paid by employer) x 0.45 (by employee) x # of private kilometer (include transport from home to work)]

(b) **Bears all car exp if no car provided:** amt = private/total mileage x expenses paid by employer

(c) **Transport allowance provided:** taxable, but exp for biz purposes are deductible

(d) **Leased commercial vehicle e.g. van OR motorcycle/scooter:** amt = 0.55 or 0.20 per private km **respectively**

(e) **Leased car provided:** amt = 3/7 x lease pmts + 0.10 per private kilometer (if petrol by employer)

6. Food & Clothing provided to employee taxed at cost. Excludes uniform.

7. Retirement benefits on retirement age (i.e. outside PF) taxable ↔ **Retrenchment pmt to compensate for loss of e/m or office not taxable**

8. Interest-free or subsidized loan: If you are an employee, they are NOT taxable only if the scheme is available to other staff & you do not have any influence or control over the company, if not, taxable amount = subsidized interest rate - current lending rate. If you are a shareholder/director, it will NOT be taxable only if 1) Authentic/bona fide reason, 2) Coy makes loans with similar terms in proportion to all shareholders 3) Debtor-creditor r/s 4) Documentation of SH/H approval

9. Gratuities (gifts): taxable if > \$200 e.g. gratuity for past service (not taxable); death gratuities, gifts on personal grounds

9. Excess CPF granted, CPF for foreign em, PF outside SG & Medisave (up to cap of \$1,500 **not taxed**)

12. Others: paid holidays, children's school fees, country club (portion that relates to personal usage is taxable. If given as personal membership, entrance fee taxable as well), personal life insurance, per diem allowance in excess of IRAS rates (daily allowance for o/s trips, given for living expenses such as meals, transport, incidental items (laundry) but excluding accoms, airport transfer, travel btw cities & entertain for biz), staff discount if < \$500 and avail to all employees

Personal Reliefs: Only for Indiv Tax Residents; cannot c/b or c/f or transferred:

***Exempt Income:** taxable income (e.g. trade, e/m and rental), tax exempt income (e.g. bank interest, dividends and pension) and foreign-sourced income (regardless of whether it has been remitted to Singapore)

****Wrt to person you claim relief on:** can only have one relief claim (i.e. no SR and dpt relief); except GCR (can be with spouse or dpt relief)

1. Earned Income claim: granted only when there is "earned income". **None of table or e/m.**

2. Spouse/Handicapped Spouse Relief: when other spouse's income < \$4k (includes exempted income). Wef 2012, alimony to ex-wife is not granted the relief. (if legally separated still claimable) **No income cap or HCR.**

3. NS Men Relief (Rev apt holder*): only for those who have completed NS. Both parents can claim. For parents/wife, must be Singaporean, & can only claim once under this relief i.e. for father = either for himself as inactive or one of his sons

4. Foreign Maid Levy: 2 x the FML fee paid for 1 maid x 12 months. Claimed by a resident working woman (i.e. with ED) in SG → either married (husband: can be NIR) or divorced but living with unmarried children. Concessionary levy of \$170 for families with children < 12 years old, or living with Sg dependent < 65 years old. Non-concessionary leave = \$265

5. Child Relief – Qualifying (CTR) or Handicapped (HCR): can only claim either*, legitimate/stepchild/adopted child. Either < 16 or > 16= unmarried, and undergoing ET, education or handicapped (claim HCR instead). **No relief granted if child's income > \$4k** (excl. bursary etc.) or engaged in any (a) biz or (b) e/m. Can be apportioned between parents.

6. Working Mother's Child Relief: married/divorced mother with children and NEI. Qualifying children same as QCR but must be Sg citizen at end of BP. Max QCR/HCR + WMRC per child = \$50k (usually deduct QCR/HCR first, or husband claim QCR/HCR). **Total amt of WMRC claim cannot exceed 100% of mother's E.**

7. Dependent Relief (staying with tax payer / not staying but incurred at least 2k in mths): own or spouse's parent/grandparent/great grandparent, living in Sg, ≥ 55 years old or ≥ 55 years old or > 65 years old & handicapped (physically/mental), and income < \$4k pa (no income cap for HDR).

8. Can claim up to 2 dpts per taxpayer. Wef YA15, for each dpt can apportion btw siblings. **Can't claim if already claimed for dpt under i.e. SR**

8. Handicapped Sibling Relief: own/spouse's, living in Sg, Living trg or incurred at least \$2k in mths. **Cannot claim if already claimed under HCR or HSR.** Can be apportioned btw siblings & no income threshold.

9. Grandparent Caregiver Relief: married/divorced woman with child (Singaporean) < 12 years old against EI with ddt → living in Sg and not working and no 10(1)(a). **Can be claimed only once per GC and once per tax payer i.e.** if you have 2 GC, can only claim for 1

10. Course Fee Relief: granted for any course of study/seminar/conference cap at \$5,500 pa & can be divided across years if course > 1 yr

S39(2)(k) (1) Any approved course related to (a) trade/biz/prof or (b) e/m; or (2) leading to approved qualification i.e. can be unrelated

S39(12) started a new job/trade/biz/prof within 2 YAs from YA relating to year when course was completed e.g. started job in IA2013, for course completed bw 1 Jan 2011 to 31 Dec 2012. **Conditions:** (1) Must be R in Sg during YA of making claim, (2) YA in which claim is made must be 2 yrs from the YA relating to the yr of course completion, (3) Claim is made in the YA relating to the yr he commences new biz/employment;

S39(12A): can claim and defer ONCE in the (a) first subsequent YA where AI>\$22k or (b) within 2 YAs from the YA relating to the yr in which taxpayer completed the course; **whichever earlier.** Only when claimant was R in SG at year of claim;

***Course fees cannot have been claimed under S39(2)(k) or s14 10(1)(a) or s39(12A) concurrently → i.e. only claim under one!**

Allowable course fees: re-education/enrolment fees, exam fees, tuition fees, aptitude test fees for comp courses

Disallowed expenses: textbooks, travelling and living expenses

11. CPF: Claim relief on statutory requirements. Excess contributions not deductible; Withdrawals not taxable

OW: wages claimed wholly & exclusively wrt employee's employment in that month e.g. salary, food allowance, OT pmt, commission **AW:** wages not granted wholly & exclusively for the mth e.g. annual bonus, leave pay, incentive pmts salary in-lieu of notice/notice pay, director fees, BIKs

1/2011 onwards: (A) CPF Cap on OW: 12 x \$5k pm = \$60k → excess is taxable; **(B) CPF Overall Cap:** 17 x OW limit = 17 x \$5k pm = \$85k;

(C) CPF Cap on AW: (i) If TW < \$85k, deductible AW contribution = Actual AW; (ii) If TW > \$85k, but OW < \$60k, deductible AW contribution = Lower of AW or (\$85k less actual OW); (iii) If TW > \$85k, and OW > \$60k, deductible AW contribution = Lower of AW or \$25k

CPF Topping-up Scheme: by individual R, Sg citizen or his employer to his own retirement or special acc (cap of \$7k) or spouse/sibling/parents etc (another cap of \$7k) acc = total \$14k cap. For spouse/sibling, income p < \$4k, no threshold for parents etc & disabled spouse/sibling/parents **exp for each category** = lower of \$7k or actual amt topped up.

Voluntary CPF Contributions: for self-employed with 10(1)(a), **Relief** = lower of actual amt of top-up or 36% of 10(1)(a) (max cap of \$30,600) Cap includes statutory CPF as well, meaning to say, **maximum deductible for Statutory + Voluntary = \$30,600.**

Voluntary Medisave Contributions: Amt of relief = lower of actual amt / annual contribution cap (\$30,600 less total mandatory CPF cont (incl. employer) / prevailing Medisave Contribution Ceiling (\$48,500 wef Jul 2014) less balance in MA

SRS: (i) For citizens & PR: cap of 15% x (17 x OW cap) = \$12,750 (ii) **For foreigners:** cap of 35% = \$29,750; if 10(1)(a) income is from o/s, deduction cap up to amt remitted to Sg. **Must be tax R,** at least 21 years old, not bankrupt or unsound mind. **Self-contribution is fully deductible. Withdrawals are taxed at 50%, for (i)** when reach retirement age of 1st cont; **for (ii)** when reach 10th anniversary of 1st cont.

Life Assurance Relief: Total combined cap with CPF contribute of \$5k pa. Usually for expats. Tax payer pay premiums on life policy for himself or wife, providing that (i) premiums don't exceed 7% of capital sum assured (ii) his coy has office in Sg (iii) premiums not paid with SRS a/c funds. **Lowest of (i)** premium paid, (ii) 7% sum assured, or (iii) 5k less CPF contribution for the year

Rebates: Only for Individual Tax Residents; deducted from tax payable. Given only once but can c/f

Parenthood Tax Rebate: parents who are tax residents, with child (legitimate/adopted) = Sg citizen at birth or within 12 mths or illegitimate child but natural parents married before child reaches 6 yr old. **Rebate is COMBINED btw parents.**

Non-Residents: Taxable on SG income (sourced/deemed)

S12(6): Deemed source when NR receives (i) interest, commission, payment (ii) fee or pmt for arrangement, guarantee, or service wrt to loan, indebtedness, or anything related from SG resident/PE or when it is deductible against any income accruing in SG unless incurred for branch or immovable property outside SG **S12(6)(b):** Deemed also when income is derived from loan where funds are brought into used in SG **S12(6)(a): NA for (ii)** if done outside Sg by a NR (coy not incorporated in SG - no biz or PE in SG / svc not perform via biz or PE in SG) → **Doesn't apply for (ii) S12(7):** (a) Royalties (b) Use of science/tech/industrial/commercial knowledge (know-hows) or rendering of such svcs (show-hows) (c) Mgmt fees

(d) Rental or other pmts for use of movable property from SG resident/PE or when it is deductible against any income accruing in SG **S12(7A): NA for show-hows and mgmt fees** if done outside Sg by NR

S45 Payer of WHT Tax: Pay on 15th of second mth from pmt where the date of pmt is the earliest of 1. Actual payment 2. Due payable 3. When the amount is paid/credited [late pmt = 5% + 1% every complete mth, up to 20% total]

Nature of pmt	To Coys	Nature of Pmt	To Indivs (Others: 20% flat)
Interest	15%	Directors' Remuneration	20%
Royalties + Know-hows	10%	S40B/C: E/m income / SRS withdrawal	Higher of 15% or R-rate
Mgmt fee	17%	Professional fees	15% gross or 20% net
Technical and svc fees	17%	S40A: Public entertainers	10% gross
Rental of movable equipment	15%	Exemption from WHT: jr from approved banks & Asian dollar bonds, shrink-wrapped/downloaded: s/w, s/w + h/w, site license, digitized info, satellite operators, submarine cable operators	
Sale of real property assess under 10(1)(a)	15%		

→ **Rights-based approach:** if no transfer of copyright, then no WHT. If not, considered as royalty (WHT 10%)

→ if 10% /15% = FINAL tax; if 17% = can claim expenses (i.e. taxed on net instead of gross income received)

S40A Relief: artist/musician/athlete under profession or employment (include admin & support staff) → **Base Salary accrue in SG + Perf Pmt BOTH taxable.** All monetary and non-monetary (e.g. allowance per diem, BIK, food) are taxable; airfare & if < 60 days are **not taxable** (=deductible if borne by SG payer) **NB: no 60 days rule [S13(6) exemption, unless → Public entertainer not taxable if supported substantially by public funds of gov < +60 days**

S40B Relief (> 60 days, < 183 days): only for 10(1)(b) employment income (60 day exemption apply only for e/m income), higher of 15% flat or taxed like a resident i.e. incl. reliefs; **S40C Relief:** 50% of SRS withdrawals taxed at 15% rate or resident rate, whichever is higher

NR Professional: 15% gross (Provided to NRP: accommodation, airfare, allowance, per diem, transport e.g. airport transfer & meals reimbursed are taxable, expenses incur non-deductible) or 20% net income (Borne by NRP, only expenses wholly & exclusively for income deductible), private expenses e.g. food, transport to airport not deductible, airfare and accoms if < 60 days deductible **NB: no 60 days rule [S13(6) exemption]**

GST: Tax on domestic consumption, charged when (1) goods/svc bought in SG (collected by registered traders) or (2) goods imported into SG (collected by C&E dept) → within scope or out-of-scope? All 4 conditions must be met →

(1) **Taxable SS is made in SG:** Goods – physically located in Sg whether SS to a place in SG or exported out; Svcs – supplier "belongs" to SG i.e. if have > 1 place of operations, and svc rendered in SG = within scope @ Time of SS; Earliest of (i) pmt receipt (ii) invoice date (incl. deposits unless refundable)

(2) **Taxable SS: Non-taxable = (i) Out-of-scope:** wages & salaries, private transactions (i.e. no biz furtherance), o/s or 3rd country sales (e.g. factory in China ships goods to China customers but pmt is to SG), transfer of biz as going concern; (ii) Exempt: financial services (e.g. forex gain/loss, from bank/loan/bond), sale or lease of residential properties. **Taxable = (i) Zero rated (GST 0%):** export goods. Need to prove (bill of lading, purchase order, delivery note etc.), international svcs (rendered TO o/s party and FOR o/s party) → S21(3)(i); when contract is with person outside SG & benefit a person who belongs in a country other than SG, and person outside SG when service is performed, not directly connected with land/goods in SG. S21(3)(k); persons in SG but contract with person is wholly in biz capacity and who in that capacity belongs outside SG, & directly benefit person wholly in biz capacity and that capacity belongs outside SG (e.g. professional services, data processing & provision of info, testing sample of goods, handling/storage/transport of imported/exported goods, exhibition/ convention services, training/seminar)

(ii) **Standard rated (GST 7%):** e.g. sale of equipment, svc fee received from SG distributors [see Blocked Input Tax]. **Deemed Supplies:** biz gifts to customers/employees > \$20