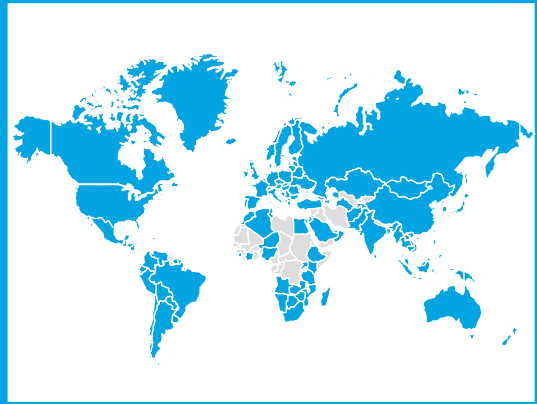


INPATRIATES SINGAPORE

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

Singapore operates on a territorial basis of assessment. Only Singapore-sourced income, which is accrued in or derived from Singapore, is taxable in Singapore. Foreign-sourced income remitted into Singapore by an individual is exempted from tax, except if received through a partnership in Singapore.

Employment income is taxable in Singapore if the employment is exercised or deemed to be exercised in Singapore. This is regardless of who the legal employer is, where the contract is signed or where the remuneration is paid.

Singapore taxes all remuneration paid in cash, or in kind, unless it is specifically exempted under the law or administrative concession of IRAS.

Where an employee who is required to travel overseas pursuant to his Singapore duties for business, his overseas business trips are regarded as incidental to his Singapore employment. Accordingly, the employment income earned in respect of those days is taxable as part of his Singapore employment income.

Residency

An individual will be regarded as a tax resident if:

- He is physically present or exercises employment in Singapore for at least 183 days in a calendar year, or continuously for three consecutive years; or
- Exercises employment in Singapore for at least 183 days for a continuous period over two consecutive years.

Singapore does not have a part year residency rule.

When a non-tax resident individual exercises employment in Singapore for 60 days or less in a calendar year, the employment income relating to the workdays in Singapore is exempted from tax. This rule does not apply to a director of a company, a public entertainer or a professional in Singapore.

REGISTRATION/FORMALITIES

A foreign employee working in Singapore should apply for valid work pass and will be issued a Foreign Identification Number (FIN) by the Ministry of Manpower or the Immigration and Checkpoints Authority of Singapore. The FIN will serve as the tax reference number for the foreign employee.

Skills Development Levy (SDL) is payable at 0.25% of the monthly remuneration for a foreign employee rendering services in Singapore. The minimum SDL payable is S\$2 for an employee earning less than S\$800 a month, and a maximum of S\$11.25 for an employee earning more than S\$4,500 a month.

EXIT FORMALITIES

Employers are required to seek tax clearance for their foreign employees (including Singapore Permanent Residents) who cease employment in Singapore or go on an overseas assignment for a period exceeding 3 months.

The employer must notify IRAS at least one month prior to the cessation date by filing Form IR21. The employer is also required to withhold any monies due to the individual (e.g. salaries, bonuses, etc.) from the date they are aware of the cessation. The monies withheld is to be used to offset the individual's final tax payable. The employer generally releases any excess after settling the outstanding taxes.

Where an individual has unvested shares/ unexercised stock options that were granted during his Singapore employment, the shares will be deemed exercised/vested and a deemed exit tax would have to be paid as part of the tax clearance.

INCOME TAX RATES

Resident Tax Rates

Chargeable income	Income Tax Rate (%)	Gross Tax Payable (S\$)
First S\$20,000 Next S\$10,000	0 2	0 200
First S\$30,000 Next S\$10,000	- 3.5	200 350
First S\$40,000 Next S\$40,000	- 7	550 2,800
First S\$80,000 Next S\$40,000	- 11.5	3,350 4,600
First S\$120,000 Next S\$40,000	- 15	7,950 6,000
First S\$160,000 Next S\$40,000	- 18	13,950 7,200
First S\$200,000 Next S\$40,000	- 19	21,150 7,600
First S\$240,000 Next S\$40,000	- 19.5	28,750 7,800
First S\$280,000 Next S\$40,000	- 20	36,550 8,000
First S\$320,000 In excess of S\$320,000	- 22	44,550

Non-Resident Tax Rates

Type of income	Income Tax Rate (%)
Employment income	Higher of 15% or resident rates
Director's fees, consultation fees & other sources of income	22

SOCIAL SECURITY CONTRIBUTIONS

Neither the employer nor the foreign employees are allowed to contribute to the Central Provident Fund (CPF) in Singapore. The CPF contributions will be mandatory when the foreign employees obtained Singapore Permanent Residency / Singapore Citizen status.

For further information and to register for future updates contact expat@bdo.global

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