

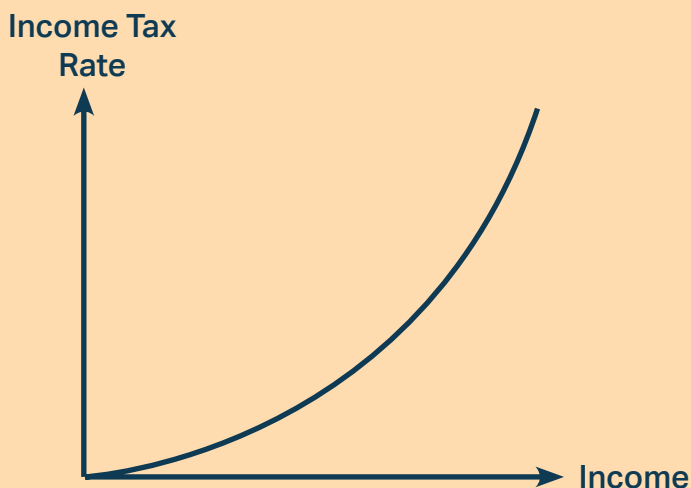
# A Guide to Income Tax in Singapore

In this guide, we have condensed and summarized the most basic and relevant information from the Inland Revenue Authority of Singapore (IRAS) to give you an overall big picture of how income tax works in the country.

Here is the general rule: whether you will incur income tax or not, and how much, is dependent on your tax residency status.

Resident Tax Payer	Non-Resident Tax Payer
Singapore Citizen	Stayed in Singapore for 61 to 182 days
Singapore Permanent Resident	Employed in Singapore for a maximum of 60 days
Foreigner who has worked or stayed in Singapore for at least 183 days	

## Income Tax Rates for Resident Tax Payers



Singapore's income tax rates for individuals are directly proportional to their income. As your income increases, the income tax rate increases, and the gross tax payable also increase.

## Resident Tax Rates from YA 2017 Onwards

Chargeable Income	Income Tax Rate (%)	Gross Tax Payable (\$)
First \$20,000 Next \$10,000	0 2	0 200
First \$30,000 Next \$10,000	- 3.50	200 350
First \$40,000 Next \$40,000	- 7	550 2,800
First \$80,000 Next \$40,000	- 11.5	3,350 4,600
First \$120,000 Next \$40,000	- 15	7,950 6,000
First \$160,000 Next \$40,000	- 18	13,950 7,200
First \$200,000 Next \$40,000	- 19	21,150 7,600
First \$240,000 Next \$40,000	- 19.5	28,750 7,800
First \$280,000 Next \$40,000	- 20	36,550 8,000
First \$320,000 In excess of \$320,000	- 22	44,550

## Income Tax Rates for Non-Resident Tax Payers

### A

15% flat income tax rate or based on resident tax payer rates, whichever incurs more gross tax payable.

### B

If you worked in Singapore for less than 60 days, your employment is considered short-term, and you are exempt from income tax

### C

If you are a director of a company, a public entertainer or a professional, your income will be taxed at 20%. If you are absent from Singapore due to your job in Singapore, your total income, including income from services provided outside of Singapore, will be taxable in full.

# What is Taxable, and What is Not?

As a rule, all income earned or derived from Singapore will incur income tax.

## Sources of Income



As a rule, overseas income that is received in Singapore will not incur income tax. However, there are several exemptions to this:

**A**

If your overseas income is earned through partnerships in Singapore

**B**

If you are required to travel overseas due to your job requirements in Singapore

**C**

If you are employed overseas on behalf of the Singapore government

**D**

If you have a business in Singapore and you are operating overseas as part of this business

**E**

If there is a Double Taxation Agreement (DTA) between Singapore and the foreign country or there is a provision for reciprocal exemption by both Singapore and the foreign government, you will not be taxed in the foreign country

**F**

If you are taxed in the foreign country, you can apply for tax remission in Singapore to avoid being taxed twice on the same income

## Deductibles Available for Individuals

Here's a list of the categories in which tax deductions are applicable:



## Case Studies — Personal Income Tax Relief Cap

A personal income tax relief cap of \$80,000 applies to the total amount of all tax reliefs claimed for each Year of Assessment. This means that if the total amount of reliefs claimed by an individual exceeds the cap, the amount of tax reliefs claimable will be capped at \$80,000.

### **A** Tax Reliefs Claimed < \$80,000

Taxpayer A has earned an income of \$160,000 and is considered a tax resident in the Year of Assessment 2020.

Taxpayer A has claimed personal reliefs totalling to \$79,590.

However, as this is less than \$80,000, she is **not** affected by the relief cap and her chargeable income is now \$80,410 (\$160,000-\$79,590).

### **B** Tax Reliefs Claimed > \$80,000

Taxpayer B has earned an income of \$100,000 and is considered a tax resident for the Year of Assessment 2020.

Taxpayer B has claimed personal reliefs totalling to \$83,190.

As this **exceeds** the cap, the total amount of personal reliefs she can claim is **capped** at \$80,000. Her chargeable income is now \$20,000 (\$100,000-\$80,000).

However, as the first \$20,000 is not chargeable, the tax payable is still \$0.