



SINGAPORE KNOWLEDGE SERIES #11 – TAXABILITY OF INDIVIDUALS

Singapore Tax Residential Status (1/2)

If any of the following conditions are satisfied, then the individual is regarded as a tax resident for a particular Year of Assessment.



Singapore Citizen or Singapore Permanent Resident (SPR) who normally **resides in Singapore except for temporary absences**; or

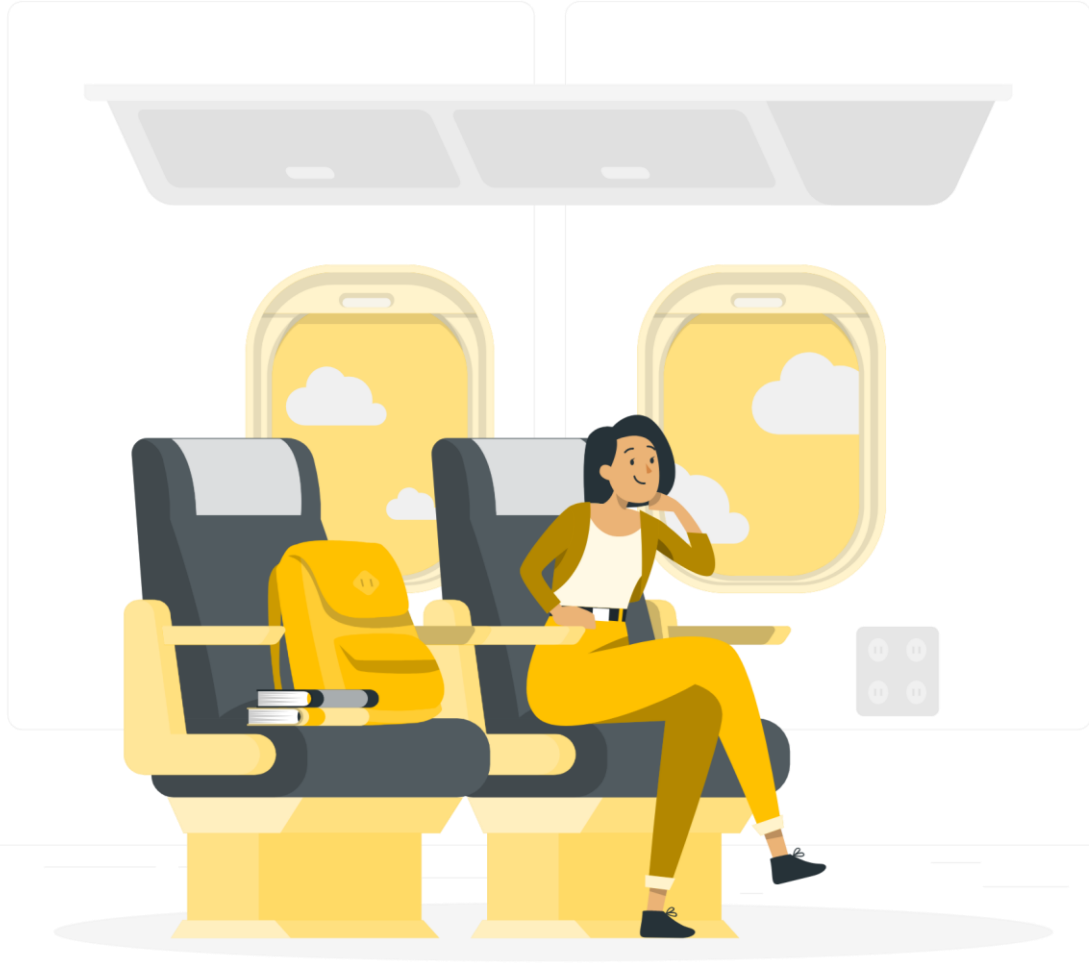
Foreigner who has stayed or worked in Singapore:

- for **at least 183 days** in the previous calendar year; or
- **continuously for 3 consecutive years**; or

Foreigner who has worked in Singapore **for a continuous period straddling 2 calendar years** and whose total period of stay (*including physical presence immediately before and after the employment.*) is **at least 183 days**. This applies to foreign employees who entered Singapore but **excludes directors of a company, public entertainers or professionals**.

Number of days of employment in Singapore includes weekends and public holidays. Any absences from Singapore that are temporary (e.g., overseas vacation leave) or incidental to employment (e.g., business trips) are still counted in the total days of employment for the purpose of determining the tax residency status.

Singapore Tax Residential Status (2/2)



Foreigners issued with a work pass that is **valid for at least 1 year** will be treated as a **tax resident**, upfront.

However, the tax residency status will be reviewed **at the point of tax clearance at the cessation of the employment** based on the tax residency rules. In case the **total stay** in Singapore is **less than 183 days**, then the individual will be regarded as a **non-resident**.

A **non-resident** of Singapore for tax purposes, is an individual **who does not qualify** as a tax resident of Singapore.

The **tax residency status** of the employee in Singapore would **not necessarily impact the taxability** of the income. It will, **however, determine the rate of tax** applicable on the **Singapore sourced income** chargeable to tax.

Employee vs Self Employed

EMPLOYEE

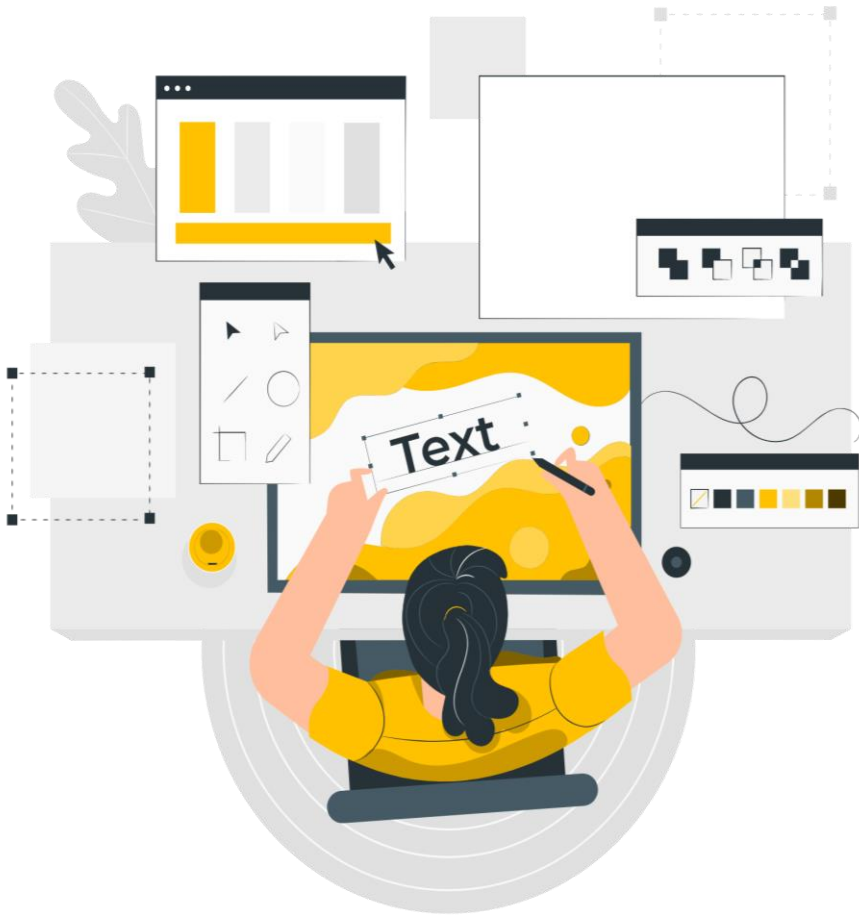
- Works under a **contract of service and under the control of an employer** as to how, when and where to work.
- Usually **not in the position** to realize a business profit or loss



- Works under a **contract for service** to carry out an assignment. Or project as an independent contractor for a fee.
- Do not have anyone overseeing the work and have the **liberty to carry out work** in own style.
- Gig works (independent consultants, coaches, online graphic designer, freelance delivery riders) are generally self employed.

SELF-EMPLOYED

Self-Employed Persons & Individual Partners



Business income is income derived from carrying on a trade, business, profession, or a vocation.

Business income is taxable in the sole-proprietor's, partner's, or self-employed person's name. It is added to **all other personal income**. The total is then **subject to personal income tax rates**.

The sole-proprietor, partner, or self-employed person who receives this income **must report the income in his individual income tax return**

All self-employed partners of a partnership including the precedent partner must file and report their share of the **partnership income** as part of their total personal income in **Form B/B1**.

Overseas Employment Income



Overseas Employment income received in Singapore **on or after 1 Jan 2004** is **not taxable**. These include overseas income paid into a Singapore bank account.

Overseas Employment Income is taxable if :

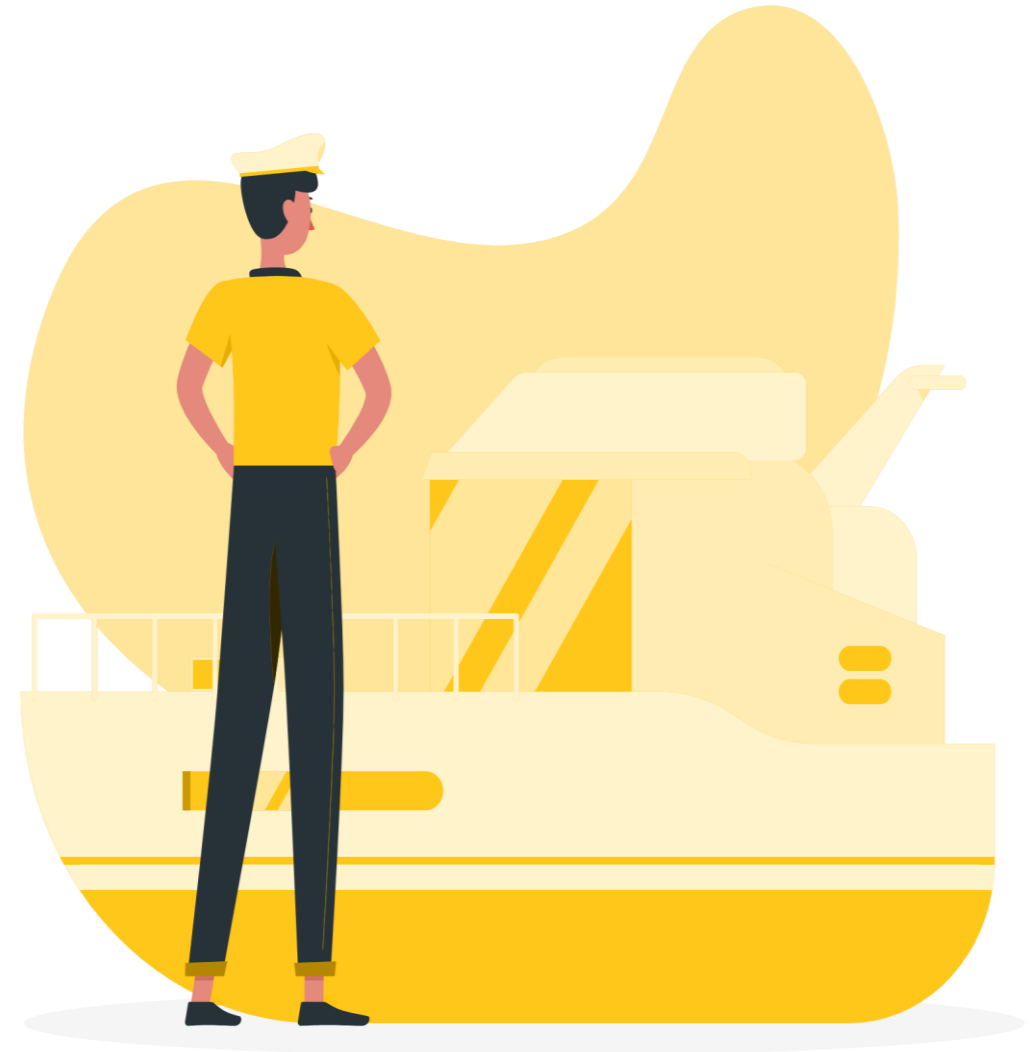
- The overseas employment is **incidental** to the Singapore employment.
- Working in Singapore **for a foreign employer**.
- Overseas employment income is for **services rendered in Singapore**.
- The income is received in Singapore **through a partnership in Singapore**, unless the income qualifies for exemption.
- Employed outside of Singapore **on behalf of the Government** of Singapore.

Shipping Industry – Crew Members

Employment income derived by **crew** who are employed on **Singapore-registered ships** which **ply in international waters** and are **not based onshore** for frequently boarding/ sailing with ships for inspection and other purposes are **exempted** from Singapore income tax.

This exemption applies to seafarers/crew, **regardless** of whether they are **Singapore citizens, SPRs or foreigners**.

This exemption **doesn't apply** on crew members who are **employed on foreign-registered ships** that are owned by Singapore companies.



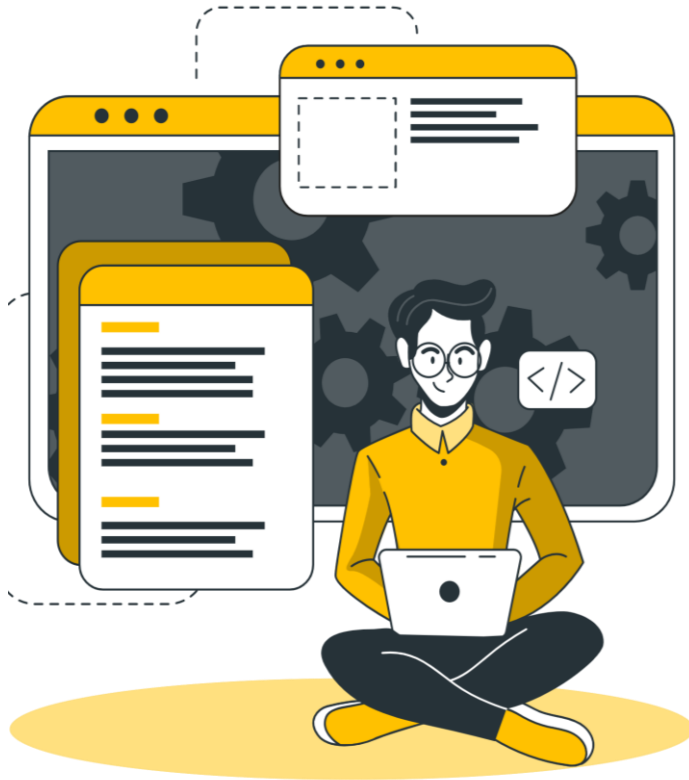
Tax Treatment for Individuals



Tax Resident	Non-Resident (in Singapore for 61 to 182 days in a year)**
All income earned in Singapore shall be taxable.	
<p>Deductions on expenses and donations to save tax can be claimed.</p>	<p>Deductions on expenses and donations to save tax can be claimed. However, you are not eligible to claim personal reliefs;</p>
<p>The Net Income is subject to income tax at progressive rates ranging from 0% to 22%.</p>	<p>Your employment income is taxed at the higher of:</p> <ul style="list-style-type: none"> • flat rate of 15%; or • the progressive resident tax rate.
<p>Any foreign-sourced income (except for those received through partnerships in Singapore) brought into Singapore shall be exempted from taxation</p>	<p>Director's fees, consultant's fees and all other income are generally taxed at 22%.</p>

****Short-term employment** (less than 60 days) for Non-Resident is **exempt from tax**. This rule does not apply for **directors, public entertainers or a professional** in Singapore; or if the **absences** from Singapore are **incidental to the Singapore employment**. In this case, the total income (including income for services rendered outside Singapore) is **fully taxable** in Singapore.

Tax Filing Requirement



Generally, Income Tax Return is required to be submitted if in the preceding calendar year:

- Total income is **more than \$22,000**; or
- Self-employed income with a **net profit is more than \$6,000**; or
- A **non-resident** who derived income from Singapore**.

Individuals who receive a letter or SMS informing you that they have been selected for No Filing Service (**NFS**), **are not required to file** an Income Tax Return.

Self-Employed Persons (SEPs), with effect from YA 2021, may be selected for NFS if they are under the pre-filing scheme for SEPs with commission income of **\$50,000 and below and/or derived** driving income as a private hire car/taxi driver for previous & current YA

Income tax returns are due on **18 April & 15 April** based on E-filing and Paper filing respectively.

***Non-residents who derived income from Singapore in the preceding year are required to file an Income Tax Return, regardless of how much you earned in the previous year.*

Upcoming Singapore Knowledge Series

Please find below the list of completed & upcoming alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

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2. [Allotment of shares](#)
3. [Issuance of share certificate](#)
4. [Register of registerable controllers](#)
5. [Employment Pass](#)
6. [XBRL Filing](#)
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8. [ACRA Return filing](#)
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