

Disclosure on Foreign Sourced Income in Singapore

As you must be aware that as per Section 10 of the Income tax Act 1947, Companies should pay tax in Singapore on taxable income that is: (a) Accrued in or derived from Singapore; or (b) Received in Singapore from outside Singapore.

Foreign income (i.e. income sourced outside Singapore like interest, dividend, royalty, etc.) that is derived from outside Singapore is taxable in Singapore only when the same is received or deemed to be received in Singapore. Such income was not required to be reported in the income tax computation / return unless it is received or deemed to be received in Singapore. Hence, to ensure that the Companies keep track of such foreign income, the Inland Revenue Authority of Singapore (IRAS) has brought in a new feature requiring companies to disclose the movement of such foreign income in the tax computation effective from YA 2024.

The Companies are required to provide the following information in their tax computation with respect to such foreign income:

- Unremitted foreign income brought forward from prior YAs and expenses that are attributable to the same;
- Foreign income earned in the current financial year ('FY') and expenses incurred in the current FY that are attributable to the same;
- Foreign income received in Singapore during the FY and expenses that are allowable against the same.
- Unremitted foreign income and allowable expenses carried forward.
- Foreign income used during the year and not received in Singapore and expenses that are attributable to the same.

The implementation of this reporting requirement aims to facilitate companies in meticulously monitoring the foreign income and ensuring accurate tax reporting when such foreign income is received in Singapore.



Please feel free to reach out to us at compliance@m2kadvisors.com for any clarification that you might need for the implementation of this change