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# Taxes your company has and doesn't have to pay

**Tax rates, exemptions,  
and incentives in Singapore**



**Learn more about  
accounting, reporting,  
and company formation  
in our 24/7 chat**

# The taxes your company has to pay

## Corporate tax rates in Singapore

### The territorial basis for corporate tax

#### Tax Residency

To benefit from Singapore tax system, your company has to be a tax resident. That means control and management has to be exercised in Singapore, for example, the board of directors' meetings and making strategic decisions.

#### Avoidance of Double Taxation Agreements (DTAs)

Singapore has DTAs with nearly a hundred countries in the world, so you avoid being taxed twice on certain types of cross-border income.

### Key Tax Rates

#### Corporate tax — 17%

and lower for SME eligible for SUTE or PTE exemptions

#### Tax on dividends — Nil

As Singapore has a one-tier tax system

#### Tax on capital gains — Nil

#### GST — 0%

If your turnover is below S\$1M

#### GST — 7%

If your turnover is above S\$1M or expected to grow to that level

### Employees' related taxes

In Singapore, the employees file their own taxes. As an employer, you have to prepare a Form IR8A at the end of every calendar year showing employees' income and benefits so they can file annual personal taxes.

- For **Singapore citizens and PR holders** you employ, you have to contribute to their Central Provident Fund (**CPF**).
- For **foreigners** you employ, you need to prepare **Form IR21** and monies to be withheld upon their notice of resignation or end of employment.

# The taxes your company doesn't have to pay

## Exemptions and incentives

### SUTE and PTE schemes for small and medium companies

#### Is your company eligible for SUTE and PTE schemes?

- At least one of the shareholders is a person and holds more than 10%
- You have fewer than 20 shareholders
- You are not an investment holding or a property development company.
- Your company is a tax resident in Singapore for the current year of assessment
- Your company is incorporated in Singapore

#### Your company is new: Start Up Tax Exemption (SUTE)

SUTE is a tax relief for newly incorporated companies that allows you to qualify for the first 3 years of operation for the following effective tax rates:

- 4.25% on the first S\$100,000 of normal chargeable income
- 8.5% on the next S\$100,000

#### Your company is more than 3 years old: Partial Tax Exemptions (PTE)

PTE is a tax relief is available after the first 3 years of operation. Here are the effective tax rates:

- 4.25% on the first S\$10,000 of normal chargeable income
- 8.5% on the next S\$190,000

## Other Tax Incentives

### **Foreign Tax Credit (FTC)**

If you have already paid tax elsewhere on the foreign-sourced income that is also subject to tax in Singapore, you can claim a credit for it here. The credit amount is capped at the lower of actual foreign tax paid and Singapore tax payable.

### **Double Tax Deduction for Internationalization (DTDi)**

You can claim double tax deduction on up to S\$150,000 of eligible expenses incurred till 31 March 2020 for supported market expansion and investment development activities like business trips, market surveys, or participating in fairs abroad.

### **Pioneer Certificate Incentive (PC)**

A tax exemption on the incentivized pioneer activity for up to 15 years if a company is approved as a 'pioneer' in its field. Works for businesses related to R&D, IT, or an underdeveloped industry.

### **Development and Expansion Incentive (DEI)**

This incentive offers a concessionary tax rate of 5% or 10% on incremental qualifying income to companies conducting high-value or expanded activities that contribute to the overall economic benefit for Singapore.