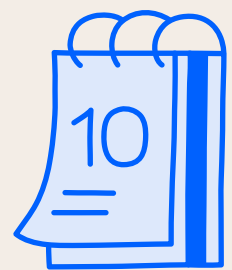# Taxes Your Company Owes — And The Taxes It Doesn't

There are two certainties in life. One of those is taxes. What you may be uncertain about is what taxes your company has to pay, and the ones it doesn't. We can help shed a little light on the subject to save your company money and make sure you aren't hit with any tax avoidance penalties.

Wondering about key dates in 2023?
Check out our article to keep ahead of the tax deadlines you need to know about.

① The Taxes Your Company Has To Pay

Corporate tax rates in Singapore

The Territorial Basis For Corporate Tax

Tax Residency

To benefit from Singapore's desirable tax system, your company needs to be a tax resident. That means control and management of the company — like board meetings, and the making of all big decisions — need to take place in Singapore.

Avoidance of Double Taxation Agreements (DTAs)

Singapore's near-hundred DTAs mean you can avoid double taxation on various international incomes. This can help your company shield its global earnings.

Key Tax Rates

Corporate tax — 17%

and lower for SMEs eligible for:
- A start-up tax exemption (SUTE)
- A partial tax exemption (PTE)

Tax on dividends — Nil

As Singapore has a one-tier tax system

Tax on capital gains — Nil

GST — 0%

If your turnover is below SG$1M

GST — 8%

If your turnover is above SG$1M or expected to grow to that level. (*This hike will be gradually raised to 9% in 2024, to allow Singaporeans and businesses ample time to prepare for this impending tax increase.*)

[Here's everything you need to know about the GST rate change](#)

Employees' Related Taxes

Employees need to file their own taxes in Singapore. But, as an employer, you need to prepare a Form IR8A at the end of every calendar year.

→ Download your copy of the Form IR8A here

This form details your employees' income and benefits — they'll need this information to file their annual personal taxes.

- For employees who are Singapore citizens or permanent residents, you'll need to contribute to their Central Provident Fund (CPF). We explain what a CPF is here.

- If you employ foreigners, you must fill out Form IR21 and withhold some funds when they resign or their employment ends.

→ Download your copy of the Form IR21 here
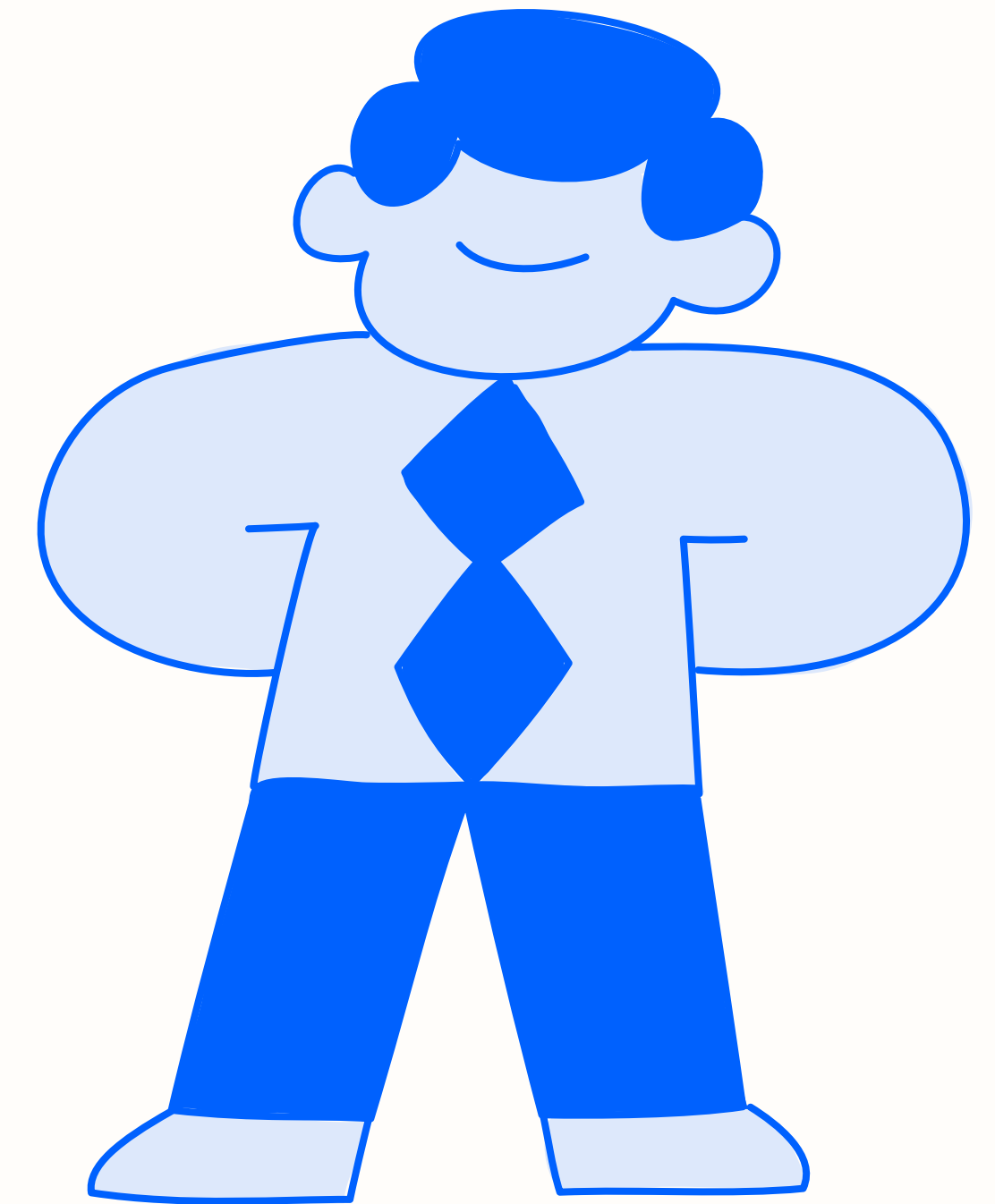
② The Taxes Your Company Doesn't Have To Pay

Exemptions and incentives

SUTE And PTE Schemes For SMEs

Your company may be eligible for SUTE and PTE schemes if:

☐ At least one of the shareholders is a Singaporean citizen and holds more than 10% worth of shares

☐ Your company has less than 20 shareholders

☐ You're not an investment holding or a property development company

☐ Your company is a tax resident in Singapore during the current assessment year

☐ Your company is incorporated in Singapore

If your company is new, check out the Start Up Tax Exemption (SUTE) scheme

SUTE is a tax break for new companies. In your first three years, you get a reduced tax rate of 75% on the first SG$100,000 of chargable income and 50% on the next SG$100,000.

Chargeable income, *SG$*	Exempt from tax	Exempt income, *SG$*
First 100,000	75%	75,000
Next 100,000	50%	50,000
Total		125,000

⚠️ <u>Talk to an expert</u> to make sure your company is eligible for the SUTE — some industries aren't

If your company is more than 3 years old, check out the Partial Tax Exemptions (PTE) scheme

The PTE tax relief, available after a company's first three years, offers these tax rates: 75% on the initial SG$10,000 of taxable income and 50% on the following SG$190,000.

Chargeable income, *SG$*	Exempt from tax	Exempt income, *SG$*
First 10,000	75%	7,500
Next 190,000	50%	95,000
Total		102,500

Other Tax Incentives

Foreign Tax Credit (FTC)

If your foreign-sourced income is taxed both abroad and in Singapore, you can claim a tax credit in Singapore, up to the lesser amount of the foreign tax paid and the Singapore tax due.

Double Tax Deduction for Internationalisation (DTDi) scheme

You can get twice the tax deduction on certain expenses — just be sure to keep all the relevant documents in case IRAS requests them. These include costs of:

- Business development trips or missions abroad
- Investment research trips or missions overseas
- Participation in international trade fairs
- Participation in ESG or STB-approved local trade fairs
- Engagement in ESG-approved virtual trade fairs
- Use of ESG-approved product or service certification
- Overseas marketing and promotional initiatives
- Designing packaging specifically for foreign markets
- Advertising in locally approved trade publications

Pioneer Certificate Incentive (PC)

The PC incentive is meant to promote new businesses in Singapore. If your company is in a new or unique industry, you could qualify for this benefit. It gives you a tax-free period of up to 15 years on certain profits.

Development and Expansion Incentive (DEI)

The DEI promotes business growth in Singapore. If your company is creating new jobs or expanding operations here, you could be eligible. This benefit provides a tax break for up to 5 years on certain profits.
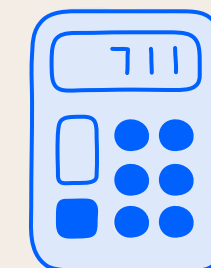
Freelancers and self-employed workers: don't think we've forgotten about you. Check out Osome's Guide to Calculating Taxes to see what you can claim to reduce your taxes.

Tax Reliefs

Corporate Income Tax Rebate

The Corporate Income Tax Rebate gives relief to all Singapore companies. It offers a 25% tax rebate for Year of Assessment 2023, with a maximum of $15,000.

Wage Credit Scheme (WCS)

The WCS encourages companies to raise wages for their Singaporean workers. If your company boosts wages for these employees, you could qualify for WCS, which co-funds up to 20% of these wage increases.

Productivity and Innovation Credit (PIC)

The PIC promotes investments in productivity and innovation. If your business is making such investments, you could qualify for the PIC. This offers up to a 400% tax deduction on eligible innovation-related expenses.

Got questions?
Chat with our experts

OSOMe

Choose a convenient time to chat with our incorporation agents over the phone and get the answers you need.

Schedule a call