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FEATURE:

KEY TAX CONCESSIONS YOU MAY BE MISSING OUT ON AS AN EXPAT

Key Tax Concessions you may be Missing out on as an Expat

By Boon Tan, Managing Director,
CST Tax Advisors Pte Limited

Personal tax returns are due for lodgement in Singapore by 15 April 2019. The good news is that your Singaporean tax return is generally easy to do. For many, the process takes 5 minutes and is done online - which contrasts with the reams of paper that accompany returns in the UK. This article outlines the key concessions for expats to consider when it comes time for preparation of your Singaporean income tax return.

The Singaporean tax system is much simpler than in the UK due to its territorial basis of taxation. This means that Singapore only levies a tax on income sourced here. The term "sourced" means income that is generated in Singapore – e.g., employment income, interest paid by a local bank. Foreign income, such as rental income from your principal residence or investment property in the UK, is not taxed in Singapore – even if you bring the funds to Singapore.

Other income generated from interest, dividends, and capital gains on the disposal of assets anywhere in the world is all exempt from tax in Singapore. Besides, there are limited deductions that one can claim as an individual. Notwithstanding this, here are some of the key concessions that you may be eligible to claim.

Not Ordinary Resident ("NOR") Scheme

The NOR Scheme was introduced as an incentive for global firms to use Singapore as a regional base, and to bring talented individuals to the country. Under the NOR Scheme, you can pro-rata your taxable income based on the number of days you have worked outside of Singapore during the year – meaning that your effective tax rate can be reduced to a rate as low as 10%. Note that this is a concession under Singaporean taxation and does not mean that the untaxed income in Singapore is therefore taxable in the country you worked.

To qualify for the NOR Scheme, you

You are entitled to claim tax relief for supporting a child - equal to \$4,000 per child regardless of where they live.

must meet **ALL** the following criteria:

1. Your taxable income in Singapore must be at least \$160,000;
2. You must have travelled for work for at least 90 days during the year;
3. You are a tax resident of



- Singapore in the year you are claiming the concession; and
4. You must not have been a tax resident of Singapore for the three years before the year in which you are applying the NOR Scheme.

You can claim NOR for the first five years that you are a tax resident of Singapore. If you do not qualify for the Scheme for one year during this period because you did not travel at least 90 days, you will lose one year of eligibility. To apply for the NOR Scheme, you must lodge a claim each year at the time you file your tax return. Your claim must list the number of days and where you have worked outside of Singapore and must be certified by your employer as being correct. In years that you qualify but fail to make a claim for

the NOR Scheme when you lodge your return, you cannot go back and amend the return to claim the concession.

Tax reliefs

Singapore's tax system provides tax residents with tax reliefs which reduce your taxable income. You can claim and apply as many reliefs that you are eligible for each year. Four common tax reliefs that can be applied when preparing your tax return include:

1. Spouse relief

If you are supporting a spouse who is not working and/or earning less than \$4,000 from worldwide sources, you can claim a relief of \$2,000.

2. Child relief

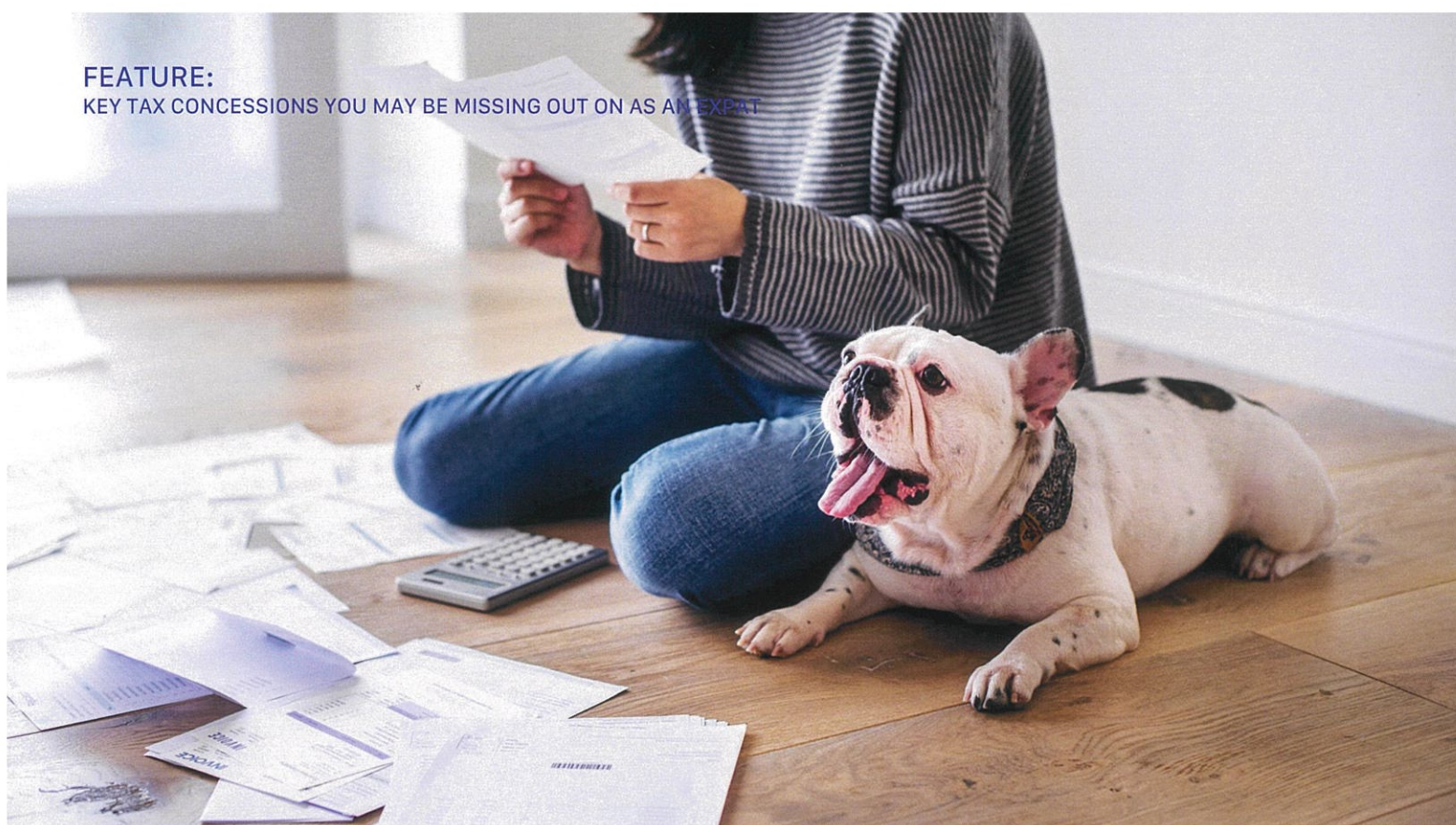
You are entitled to claim relief for supporting a child equal to \$4,000 per child regardless of where they live. Each child must be aged less than 16, or if over the age of 16 they must be in fulltime education (not necessarily here in Singapore) and cannot have an annual income of more than \$4,000 from worldwide sources. The system recognises stepchildren and adopted children as qualifying for this relief.

3. Life insurance premiums

You can apply a tax relief of up to \$5,000 for the payment of life insurance premiums if your insurance provider has a branch or presence in Singapore. You may, therefore, be able to claim this relief for premiums paid in the UK.

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4. Foreign Maid Levy Relief

If you are a woman working in Singapore and employ a maid which requires you to pay the foreign maid levy, you will be able to claim a relief equal to twice the levy amount paid for one domestic helper.

Donations

If you have made donations during the year to a local cause, you are able to claim a deduction of 2.5 times the amount you donated. To be able to make a claim, donations

must be made in cash to the Government or any institution of public character which allows for their donations to be claimed at the 2.5 times rate.

Claiming everything you are entitled to

While the Singaporean tax system is a lot simpler than the UK, you should speak with a qualified advisor ahead of lodging your personal return and ensure that you claim all the concessions you are entitled to.



ABOUT THE AUTHOR

Boon Tan is a Chartered Accountant and has been working in the international tax advisory sector for over ten years. Born in Australia with Singaporean roots, Boon relocated to Singapore at the end of 2015. As an expat living in Singapore, he has first-hand knowledge and experience of what expat families go through to establish themselves in a new city. He regularly draws on his in-depth understanding of the local Singaporean tax system and a network of in-country specialists in expat hot-spots around the world including USA, UK, Asia Pacific, and Australia to provide bespoke tax advice to clients.

ABOUT THE COMPANY

Since 2004, CST Tax Advisors have been providing international tax advisory and compliance services to organisations entering or operating in Singapore including expat employees and their families. Guided by our core values of empathy, accountability, and passion, we take great pride in going above and beyond for our clients. We ensure that our individual, family and expat employee clients are compliant with their tax obligations by providing “complete lifecycle” tax advice and tax return preparation. This includes managing and coordinating their tax affairs in Singapore, their country of origin and any other countries in which they may hold assets. For more

information, visit csttax.com.sg

