

Moving to Singapore

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Singapore, or the “little red dot”, is a both a global city and a sunny island which has gained an enviable reputation as a global financial and economic hub. Singapore is a multi-racial country with a diverse population encompassing different cultures, ethnicities and religions. As a global city, Singapore provides an excellent environment for businesses and individuals to thrive.

Expatriates often cite the following reasons why Singapore is an ideal place for work and living:

- Well-developed infrastructure
- Low pollution
- Safe environment
- Economic, social and political stability
- Harmonious multi-racial society
- High quality lifestyle
- Superb education and healthcare amenities
- Attractive tax system
- Strategic location for ease of access to other Asian countries

This briefing paper provides an overview of the individual income tax regime in Singapore and salient points for a foreigner moving to Singapore. As individual circumstances are unique, professional advice should be sought, particularly where it involves the acquiring or losing of tax residency in another jurisdiction or where details of the remuneration package are complex.

We have updated the contents to include changes made to the tax rates for individuals from Year of Assessment 2024 and the tightened requirements for the employment pass applications / renewals.

18-02/03, 30 Cecil Street
Prudential Tower
Singapore 049712

T: +65 6908 8870

Firstname.lastname@
rawlinson-hunter.com.sg

General Tax System

Singapore has a progressive tax system for individuals and its territorial policy means that individuals are taxed on income earned in Singapore. Foreign-sourced income derived by individuals are tax-exempted, unless derived through a partnership in Singapore.

The tax rate applicable to an individual will depend on the tax residency status and his level of income.

Tax Residency in Singapore

In law, you will be treated as a **tax resident** for a particular Year of Assessment (YA) if you are a:

- Singaporean or Singapore Permanent Resident (SPR) who normally resides in Singapore except for temporary absences; or
- foreigner who has stayed / worked in Singapore for 183 days or more in the year (temporary absences may be included in the day count).

In practice, you may also be regarded as a Singapore tax resident for the calendar year(s) concerned if you stay or work in Singapore:

- for at least 183 days for a continuous period over two years (does not apply to directors of a company, public entertainers or professionals), you will be considered resident for two calendar years; or
- for three consecutive years even if you are not present in Singapore for 183 days in the first and third year, (applies to foreign employees only), you will be considered resident for three calendar years.

Normally, foreigners with a work pass that is valid for more than a year would be treated as a tax resident. An exception could be at the point of leaving Singapore, where your residency may be reviewed.

On the other hand, you may be regarded as a **non-resident** for tax purposes if you:

- are employed on a short-term basis (60 days or less in the calendar year); or
- spend 61 to 182 days in the calendar year in Singapore.

For foreigners who work for less than 60 days in a year in Singapore, their income is not subject to tax. This does not apply to directors of a company, public entertainers or professionals.

What is taxable in Singapore?

Singapore does not impose tax on capital gains. Income for individuals sourced in Singapore are subject to tax at a progressive rate. Such income includes rental income from Singapore real property.

For a foreigner working in Singapore, employment (salary, bonus, allowances, stock options/awards) and benefits-in-kind are taxable. If the individual is seen to be trading in investments (e.g. stocks, properties or even digital assets) in Singapore, such gains could also have a tax exposure.

Passive income such as dividend and interest are generally exempted from tax.

Reliefs and Deductions available

Singapore tax residents can avail to reliefs and deduction to reduce their tax liability. The following are examples of common reliefs applicable to foreigners:

- Course fees relief
- Earned income relief
- Life insurance relief
- Supplementary Retirement Scheme relief
- Parent / Spouse / Child relief

Allowable expenses which are incurred to carry out official duties that are not reimbursed by your employer and are not capital or private in nature would be tax-deductible. Entertainment expenses, subscriptions to professional bodies for professional updates are examples of allowable expenses.

What It Means to be Tax Resident in Singapore

A Singapore tax resident will be:

- able to claim personal tax reliefs against taxable income, subject to conditions for respective tax reliefs;
- taxed at progressive resident rates, from 0% to the top bracket of 22%/24%; and
- required to file personal tax return by 18 April annually.

Income Tax Rates for Singapore Tax Resident

Chargeable Income (\$)	Rate (%)	Gross Tax Payable (\$)
First 20,000	0	0
Next 10,000	2	200
First 30,000	-	200
Next 10,000	3.50	350
First 40,000	-	550
Next 40,000	7	2,800
First 80,000	-	3,350
Next 40,000	11.5	4,600
First 120,000	-	7,950
Next 40,000	15	6,000
First 160,000	-	13,950
Next 40,000	18	7,200
First 200,000	-	21,150
Next 40,000	19	7,600
First 240,000	-	28,750
Next 40,000	19.5	7,800
First 280,000	-	36,550
Next 40,000	20	8,000
First 320,000	-	44,550
In excess of 320,000	22	
[Till YA 2023]		

With effect from **YA 2024**, the following rates will apply:

First 320,000	-	44,550
Next 180,000	22	39,600
First 500,000	-	84,150
Next 500,000	23	115,000
First 1,000,000	-	199,150
In excess of 1,000,000	24	

What It Means to be Non-Tax Resident in Singapore

You will not be entitled to reliefs and deductions. Employment income is taxed at a flat rate of 15% or progressive resident rates, whichever gives rise to a higher amount. Director's fees and other income are taxed at 22%.

Short-term employment in Singapore

Income from short-term Singapore employment of not more than 60 days in a year is exempted from tax. This, however, does not apply to directors of a company, public entertainers or professionals.

In general, directors of a company, public entertainers and professionals who are not resident for Singapore tax purposes will "pay" Singapore tax through the withholding tax system. Instead of them filing tax returns with the IRAS, the payer is responsible for the filing and payment of withholding tax.

Foreign Talent

Eligibility to Work in Singapore

It is a statutory requirement for foreign professionals, managers and executives to have valid working passes before starting work in Singapore, these are subject to agreement of the Ministry of Manpower (MOM).

- **Employment Pass (EP)** - An EP requires a Singapore-based sponsoring employer, subject to a minimum monthly salary of S\$5,000 for non-financial services. For financial services, the minimum monthly salary is S\$5,500.

The minimum qualifying salary has increased from 1 September 2022 and will also impact renewals from 1 September 2023.

The minimum salary will increase in 2024, and the increment will be announced at a later date.

Applicants must have acceptable qualifications and is subject to the agreement of the MOM. An EP is typically valid for one to two years, subject to MOM's discretion.

Introduction of Complementarity Assessment Framework (COMPASS)

COMPASS will apply for EP applications from 1 September 2023 and to EP renewals from 1 September 2024. COMPASS is a point-based criteria that considers the applicant's salary and qualifications as well as the employer's attributes (national diversity and support for local employment).

Exemption from COMPASS include applicants earning S\$20,000 fixed monthly salary, filling a role on a short-term basis (i.e. 1 month or less).

- **Personalised Employment Pass (PEP)** - This could be granted to an overseas foreign professional, subject to the same requirements as above where the individual is earning at least S\$18,000 per month or if the current EP holder is earning a minimum monthly salary of S\$12,000. A key benefit of a PEP is that it is not connected to a specific employer.

Both EP and PEP holders can bring their family members into Singapore, subject to approvals.

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- **Global Investor Programme (GIP)** – This scheme grants Singapore Permanent Residence status to eligible global investors who intend to drive their business and investment growth from Singapore. This is targeted at established business owners and ultra high net worth family offices who are looking to relocate to Singapore. Generally, the criteria is for business owners to own a company with a turnover of at least S\$200 million, or for family offices to have assets under management of at least S\$200 million amongst other conditions.

The GIP is administered by Singapore Economic Development Board (EDB) and the approval process could take 9 to 12 months from start to end.

Tax Planning

Remuneration packages may include benefits such as lump sum payment to cover relocation expenses, accommodation, tuition fees for children, meal reimbursements, flexible benefits, private car or mileage, contribution to overseas pension funds or social security schemes by the employer and share-based incentives.

There could be tax planning opportunity with a good understanding of the tax implications ahead of the move or taxable event. For instance, under the "deemed exercise" rule, any unexercised / restricted share options or unvested / restricted shares are regarded to have been exercised when the foreign employee is ceasing employment or leaving Singapore permanently and any gains arising will be subject to tax in Singapore, this could potentially be a significant amount.

Other tax considerations

Working from home or working from anywhere

Today, employers often allow their employees to work outside of the physical office or anywhere around the world. This work arrangement could have tax implications for the employee and employer if employment is exercised in more than one jurisdiction.

If the employee spends significant time for work purposes in more than one jurisdiction, his tax residency status may be in question. This may expose his employment income to tax in more than one jurisdiction resulting in double taxation on the same income.

The employee could create a taxable presence in a jurisdiction for the employer if certain activities are undertaken, for example, having and exercising the authority to conclude contracts on the employer's behalf.

Please get in touch with us if you are considering the work from home or work from anywhere arrangement so that we can advise you accordingly.

Wealth taxes

Singapore currently does not impose any tax on wealth. However, this is an area to look out for as Singapore has already announced higher taxes on high income earners, increased property taxes on high-end properties and luxury cars - which typically impacts the ultra-wealthy.

Our Team



Peter Milnes
Managing Partner
Direct Dial: (+65) 6908 8878
Email: peter.milnes@rawlinson-hunter.com.sg



Jill Carpenter
Partner, Trust
Direct Dial: (+65) 6908 8807
Email: jill.carpenter@rawlinson-hunter.com.sg



Gim Chew
Tax Director
Direct Dial: (+65) 6908 8873
Email: gim.chew@rawlinson-hunter.com.sg