

Singapore Tax Guide 2026: Structuring For Foreign Investors

How **Singapore's Tax System** Works
in Practice for Foreign Investors
and International Businesses

Alitium

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About Alitium

At Alitium, we specialise in simplifying the complexities of market entry, business operations, and cross-border expansion across Asia. With a presence in three countries – Singapore, Vietnam, and Malaysia – and four offices across the region, we provide an integrated platform of professional services that supports international investors at every stage of establishing and growing their business.

Our regional presence enables us to deliver coordinated, multi-jurisdictional advice while maintaining deep local expertise in each market. Whether establishing a regional headquarters in Singapore, expanding into Vietnam, entering the Malaysian market, or managing operations across ASEAN, our multidisciplinary team works seamlessly to provide practical, commercially focused solutions tailored to each client's objectives.

Our core objective is to empower foreign investors with the clarity, confidence, and strategic guidance needed to establish, operate, and grow successful businesses in Asia's dynamic and evolving markets. Through our comprehensive service offering encompassing legal, corporate advisory, accounting, HR, compliance, and tax, we help clients navigate regulatory complexity while maintaining a strong commercial focus.

Our market entry and corporate advisory services cover company establishment, investment structuring, licensing, transactions, and commercial agreements, providing businesses with a strong foundation from the outset. We also advise on market entry strategy, due diligence, project planning, valuation, and risk assessment, equipping investors with the insights required to make informed business decisions across multiple jurisdictions.

Accounting, HR, and compliance remain core strengths of Alitium. We provide ongoing support to help businesses meet their statutory obligations through bookkeeping, financial reporting, payroll, governance, and risk management services. Our tax advisory professionals combine technical expertise with practical commercial experience to help clients manage tax risks, optimise tax outcomes, and maintain compliance across the jurisdictions in which they operate.

What differentiates Alitium is our commitment to understanding the commercial objectives behind every investment. We recognise that expanding into new markets involves more than meeting regulatory requirements. It requires practical advice, local insight, and coordinated regional support. By combining deep market knowledge with international business experience, we deliver solutions that are both commercially effective and operationally sustainable.

Governance and compliance remain fundamental to long-term business success. We work closely with clients to establish robust governance frameworks, strengthen risk management processes, and ensure compliance with local regulatory requirements. Through this integrated approach, businesses not only meet their statutory obligations but also build lasting credibility and confidence with stakeholders across Asia.

Reach out to Alitium to discuss how we can support your business expansion strategy across Singapore, Vietnam, Malaysia, and the wider Asian region. Please contact us at Singapore@Alitium.com

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Introduction

Singapore has firmly established itself as one of Asia's leading business and investment hubs, supported by a highly developed economy, strong institutional foundations, and deep integration into regional and global markets. As a key gateway to Southeast Asia and a preferred regional headquarters location for multinational corporations, Singapore continues to attract foreign investors and businesses across financial services, technology, manufacturing, trade, and the digital economy.

The country's position is supported by a stable legal system, transparent and efficient public administration, a sophisticated financial infrastructure, and an extensive network of international trade and tax agreements. Singapore's tax framework has also remained relatively stable, with the headline Corporate Income Tax rate at 17% since 2010, providing businesses with a degree of certainty when planning and structuring their regional operations.

Singapore has entered into comprehensive Avoidance of Double Taxation Agreements, limited DTAs and Exchange of Information arrangements with around 100 jurisdictions. These agreements can eliminate or reduce double taxation on cross-border income by allocating taxing rights, providing tax credits or exemptions and, where applicable, reducing withholding tax rates. The scope and legal status of each agreement must be checked individually, as some arrangements are limited in scope and an agreement that has been signed but not ratified does not yet have the force of law.

Singapore's international tax framework is also evolving in response to global tax developments. A key recent change is the implementation of the OECD's Pillar Two framework. From financial years beginning on or after 1 January 2025, Singapore's Domestic Top-up Tax and Multinational Enterprise Top-up Tax apply to multinational groups meeting the €750 million revenue threshold, with the rules aimed at ensuring a minimum effective tax rate of 15%. While this does not directly apply to smaller businesses, it is reshaping the tax environment for multinational groups and their regional structures.

For businesses investing or operating in Singapore, understanding the tax environment therefore extends beyond identifying the applicable tax rate. Tax outcomes may depend on where income arises, whether an entity is tax resident, how its activities are structured and managed, how related-party transactions are priced, and whether the business qualifies for treaty relief or specific tax incentives.

The Singapore Tax Guide 2026 has been prepared by Alitium's advisory team as a practical reference for businesses and investors navigating Singapore's tax landscape. It covers the principal taxes and key compliance considerations relevant to doing business in Singapore, with a focus on what these rules mean in practice, not just what the legislation says.

Whether you are establishing a Singapore company, expanding regional operations, reviewing an existing structure, or managing cross-border transactions, our aim is to provide a clearer and more practical starting point for understanding the tax considerations relevant to your business.

Should you require assistance with tax compliance, corporate and tax structuring, transfer pricing, tax due diligence, or ongoing tax advisory matters, Alitium's professionals are available to provide practical, commercially focused solutions tailored to your business objectives.

Published: October 2026



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“Understanding Singapore's Tax System”



Understanding Singapore's Tax System

Singapore's tax system is relatively straightforward, but understanding where income is taxed, when foreign income comes into the Singapore tax net, and where a company is considered tax resident is important when structuring a Singapore business.

Singapore generally follows a territorial/source-based approach to taxation. Under the Income Tax Act 1947, income is generally taxable in Singapore if it is:

- Accrued in or derived from Singapore; or
- Received in Singapore from outside Singapore.

This means that foreign-sourced income does not automatically become taxable simply because it arises outside Singapore. However, once foreign income is received in Singapore, Singapore's tax rules may apply. Certain qualifying foreign-sourced income may still benefit from Singapore's foreign-sourced income exemption (FSIE) regime, subject to specific conditions discussed in Section 8.

Tax residency of a company

A company is tax resident in Singapore for a particular YA (Year of Assessment) if the control and management of its business is exercised in Singapore in the preceding calendar year. This is a question of fact, generally centred on where the board of directors makes its key strategic decisions, rather than where the company is incorporated.

A company incorporated in Singapore but managed entirely from abroad may not be Singapore tax resident, and a foreign-incorporated company managed from Singapore may be. Tax residence is particularly important for SUTE eligibility, treaty access, Certificates of Residence and the foreign-sourced income exemption regime. PTE is more broadly available and is not subject to the same start-up residence conditions.

Year of Assessment and basis period

Singapore operates on a preceding-year basis for corporate income tax. In simple terms, the Year of Assessment (YA) is the year in which the income is assessed, while the basis period is the financial period in which that income was earned.

For example, a company with a financial year ending on 31 December 2025 will generally report that year's income in YA 2026. If its financial year ends on another date, the basis period generally follows that financial year, with the corresponding YA determined by the year in which the financial year ends.

Worked example: financial year to Year of Assessment

Financial year end	Basis period	Year of Assessment
31 Dec 2025	1 Jan 2025 – 31 Dec 2025	YA 2026
30 Jun 2025	1 Jul 2024 – 30 Jun 2025	YA 2026
31 Mar 2026	1 Apr 2025 – 31 Mar 2026	YA 2027

Companies generally need to file their Estimated Chargeable Income (ECI) within three months of their financial year end, unless an exemption applies. This is followed by the annual Corporate Income Tax Return: Form C-S, Form C-S (Lite), or Form C, by the applicable filing deadline discussed in Section 16.

For businesses setting up in Singapore, getting the tax residence, accounting period and filing obligations right from the outset can help avoid unnecessary compliance issues later, particularly where the business has shareholders, management or income streams outside Singapore.



**"Singapore Corporate
Income Tax (CIT)"**

Singapore Corporate Income Tax (CIT)

The headline corporate income tax rate is a flat 17% of chargeable income, applying uniformly to local Singapore-incorporated companies, branches of foreign companies, and (subject to specific scheme rules) other registered entities. This rate has been unchanged since YA 2010.

Chargeable income is derived by adjusting accounting profit for tax purposes, including adding back non-deductible expenditure, deducting non-taxable income and capital gains, bringing in taxable items not recorded in accounting profit, and applying capital allowances, loss relief, donations and other available deductions.

Deductible and non-deductible expenses

As a general rule, an expense is deductible if it is revenue in nature and wholly and exclusively incurred in the production of income. Accounting depreciation is generally not deductible for tax purposes; qualifying capital expenditure may instead qualify for capital allowances under the relevant rules.

Item	Singapore tax treatment	Key consideration
Salaries and CPF contributions	Deductible	Must relate to income-producing activity; excessive related-party remuneration invites scrutiny
Rent	Deductible	Rent for movable property paid to a non-resident may attract withholding tax
Professional fees	Deductible if revenue in nature	Fees for capital transactions (e.g. share acquisitions) are typically capital and non-deductible
Advertising and marketing	Deductible	Ordinary revenue expense
Interest expense	Deductible, subject to conditions	Must generally be incurred on funds employed to produce taxable income; tracing and allocation of borrowed funds may be relevant. Related-party financing is subject to arm's-length transfer pricing requirements.
Accounting depreciation	Not deductible	Replaced by capital allowances computed under IRAS rules
Entertainment	Deductible if wholly and exclusively incurred in producing income	Business entertainment expenses are generally deductible where they are wholly and exclusively incurred in producing income and supported by appropriate records. Private, personal or inadequately substantiated expenditure is not deductible.
Bad debts	Deductible, subject to conditions	Generally must relate to trade debts and satisfy the applicable bad-debt or doubtful-debt rules; general provisions are generally not deductible.
Director remuneration*	Deductible for the company if incurred in the production of income and subject to the usual deductibility rules	Taxable to the director; non-resident director fees attract withholding tax
Foreign exchange gains/losses	Taxable/deductible if revenue in nature	Capital-account FX movements are generally disregarded for tax purposes

*Note: Director Fees Timing

The timing of the company's deduction and the director's income recognition should be reviewed by reference to when the company becomes legally liable to pay the fees and when the director becomes entitled to receive them. For fees approved in arrears, entitlement commonly arises when the fees are voted and approved at the annual general meeting. Fees approved in advance may arise progressively as the relevant services are performed. The approval documents and the terms of the arrangement should be retained to support the treatment adopted.



"Corporate Tax Computation"

STEP-BY-STEP GUIDE TO SINGAPORE CORPORATE TAX CALCULATION

Singapore corporate income tax is generally calculated by starting with accounting profit and making the necessary tax adjustments to arrive at chargeable income. Capital allowances, qualifying deductions, unutilised losses and applicable tax exemptions may then reduce the amount subject to tax. The standard corporate income tax rate is 17%, with applicable rebates or incentives considered separately.

The path from accounting profit to corporate tax payable follows a structured tax computation process:

- 1** Start with accounting profit before tax. 
- 2** Adjust for income that is non-taxable, capital in nature or assessed separately, and bring in taxable items not recorded in accounting profit. 
- 3** Add back expenditure that is non-deductible for Singapore tax purposes. 
- 4** Deduct allowable expenditure and claim applicable capital allowances. 
- 5** Apply available unutilised trade losses, capital allowances, approved donations and other reliefs, subject to the relevant conditions and limits. 
- 6** Arrive at normal chargeable income before the applicable tax exemption. 
- 7** Apply the Partial Tax Exemption or Start-Up Tax Exemption, where available. 
- 8** Apply the relevant corporate income tax rate to chargeable income after the exempt amount. 
- 9** Deduct applicable tax set-offs and any YA-specific Corporate Income Tax Rebate to determine the final tax payable. 

Example: YA 2026

Assume a Singapore-resident trading company, beyond its start-up exemption window, reports the following for the financial year ended 31 December 2025 (YA 2026). Figures are illustrative only and should not be relied on as a substitute for a full tax computation.

Line item	S\$
Net accounting profit before tax	500,000
Add: accounting depreciation	40,000
Add: private or non-business entertainment not incurred in producing income	6,000
Less: capital allowances	(35,000)
Chargeable income before exemption	511,000
Less: Partial Tax Exemption (see Section 5)	(102,500)
Chargeable income after exemption	408,500
Tax payable at 17%	69,445
Less: YA 2026 CIT Rebate (50%, capped at S\$40,000)	(34,723)
Net tax payable	34,722

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Note: The entertainment adjustment in this illustration relates specifically to expenditure identified as private or not incurred in producing income. Singapore does not impose a general percentage disallowance on business entertainment expenditure.

The worked example applies the general Partial Tax Exemption only; a company within its first three YAs after incorporation would instead apply the Start-Up Tax Exemption if it meets the qualifying conditions in Section 4, and the two exemptions are not both available in the same YA.

For YA 2026, the enhanced CIT Rebate is 50% of tax payable, subject to a combined cap of S\$40,000. This example assumes the company is not eligible for the S\$2,000 CIT Rebate Cash Grant available to eligible active companies that meet the local-employee condition; where a company receives that cash grant, the CIT Rebate is adjusted so that the two benefits do not overlap.



A nighttime photograph of the Singapore skyline. The Marina Bay Sands hotel is prominent on the left, and the Singapore Flyer is on the right. The city lights are reflected in the water in the foreground. A dark rectangular box with red corner brackets is overlaid in the bottom left, containing the text.

“Tax Exemptions Scheme and Reliefs”

Tax Exemptions Scheme and Reliefs

Singapore offers several tax exemptions and reliefs that can reduce a company's effective tax burden. For businesses setting up or expanding in Singapore, understanding which reliefs apply and when can make a meaningful difference to tax planning and cash flow.

1. Start-Up Tax Exemption (SUTE)

The Start-Up Tax Exemption was introduced from YA 2005 to support entrepreneurship and the growth of local enterprises. A qualifying company may claim the exemption for its first three consecutive YAs, subject to the incorporation, tax-residence, shareholder and activity conditions set out below.

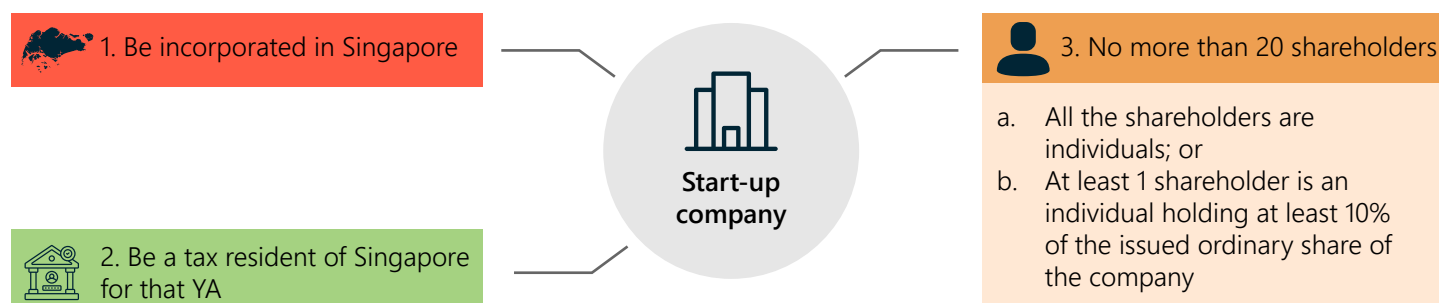
Eligibility

All new start-up companies are eligible for the tax exemption scheme, except:

- Companies whose principal activity is that of investment holding
- Companies that undertake property development for sale, investment, or both

The new start-up company must also:

1. Be incorporated in Singapore
2. Be a tax resident of Singapore for that YA
3. Have its total share capital beneficially held directly by no more than 20 shareholders throughout the basis period for that YA where:
 - a. All the shareholders are individuals; or
 - b. At least 1 shareholder is an individual holding at least 10% of the issued ordinary shares of the company



Tax Exemption on First \$200,000 of Chargeable Income (where any of the first 3 YAs falls in or after YA 2020)

Chargeable Income	% Exempted From Tax	Amount Exempted From Tax
First S\$100,000	75%	S\$75,000
Next S\$100,000	50%	S\$50,000



The maximum exemption for each YA is S\$125,000 (S\$75,000 + S\$50,000).

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Note: For this purpose, normal chargeable income refers to income subject to tax at the prevailing corporate income tax rate. Income subject to concessionary tax rates is not included when calculating the exempt amount under the scheme.

The scheme is intended to support new businesses during their initial years of operation. To qualify, the company must generally be incorporated in Singapore, be a Singapore tax resident for the relevant YA, and meet the prescribed shareholder conditions. Investment holding companies and companies principally engaged in property development are excluded from the scheme.

A foreign company or its Singapore branch cannot claim the Start-Up Tax Exemption because the scheme is restricted to qualifying companies incorporated in Singapore. However, a Singapore branch may still qualify for the Partial Tax Exemption described below.

Abuse of the Tax Exemption Scheme

IRAS takes a serious view of arrangements designed to exploit the tax exemption scheme rather than support genuine entrepreneurial or commercial activities.

Examples of abusive arrangements include:

- Splitting the income of an existing profitable business among multiple shell companies so that each company remains within the tax exemption thresholds.
- Charging fees or expenses to an existing profitable business through shell companies without genuine commercial justification.

In such arrangements, the shell companies claim tax exemptions on the income received, while the existing business claims tax deductions for the fees or expenses paid. This can result in an artificial reduction of the group's overall tax liability. IRAS may scrutinise arrangements involving companies with little or no substantive activity, few or no employees, minimal transactions and nominal capitalisation where there is no clear commercial rationale for the structure.

2. Partial Tax Exemption (PTE)

The Partial Tax Exemption (PTE) is the standard corporate tax exemption available to most Singapore companies. All companies, including companies limited by guarantee, are eligible for partial tax exemption (PTE) under Section 43 of the Income Tax Act 1947, unless they are claiming the tax exemption for new start-up companies.

The exemption applies automatically where the company qualifies; there is no separate application.

- 75% exemption on the first S\$10,000 of normal chargeable income; and
- A further 50% exemption on the next S\$190,000 of normal chargeable income.

The tables below summarise the amount of tax exemption.

Partial Tax Exemption on First \$200,000 of Chargeable Income (YA 2020 onwards)

Chargeable Income	% Exempted From Tax	Amount Exempted From Tax
First S\$10,000	75%	S\$7,500
Next S\$190,000	50%	S\$ 95,000

- ▶  The maximum exemption for each YA is S\$ 102,500 (\$7,500 + \$95,000).

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Note: PTE does not mean that all of a company's chargeable income is exempt. The exemption is subject to the applicable limits, so businesses should factor the cap into their tax forecasts rather than applying the exemption percentage across total profits.

3. Capital Allowances

Capital allowances provide tax relief for qualifying capital expenditure on plant and machinery used in a company's trade or business. They operate separately from accounting depreciation, which is generally not deductible for income tax purposes.

Qualifying plant and machinery may generally be written off over its prescribed working life or, where the relevant conditions are satisfied, over three years. Certain prescribed assets may qualify for a one-year write-off. A company may also elect to write off a low-value asset costing no more than S\$ 5,000 in one year, subject to an aggregate cap of S\$ 30,000 for all low-value assets claimed under this treatment for the relevant YA.

The temporary two-year write-off applied only to qualifying expenditure incurred in specified earlier basis periods and should not be presented as a general capital-allowance method for current expenditure. Separate regimes and conditions apply to intellectual property rights and qualifying renovation or refurbishment expenditure.

For businesses investing in equipment, machinery, intellectual property or qualifying renovation and refurbishment, the availability and timing of capital allowances can be an important consideration in capital expenditure planning.

Accounting depreciation does not determine the company's tax deduction. Businesses should assess whether expenditure qualifies for capital allowances and apply the relevant tax treatment, including the specific rules applicable to the type of asset and the method of claim.

4. Group Relief and Loss Transfer

Where a business operates through several Singapore companies, Group Relief may allow certain unused tax items from one company to be transferred to another company within the same qualifying group.

The regime can generally cover current-year unabsorbed trade losses, capital allowances and approved donations, subject to the applicable conditions. Broadly, the companies must form part of a qualifying 75%-owned group and satisfy requirements relating to Singapore incorporation, tax residence and financial year ends.

For groups with profitable and loss-making Singapore entities, this can help make better use of tax relief across the group. However, Group Relief is not a mechanism for freely moving historical losses between companies. In particular, the rules apply to qualifying current-year unabsorbed items, so the timing of losses and the companies' financial year ends should be reviewed before relying on the relief.

5. Loss Carry-Back and Carry-Forward

Current-year unutilised trade losses and capital allowances may generally be carried back to the immediately preceding YA, subject to an aggregate cap of S\$100,000 and the applicable statutory conditions. For a company, the shareholding test is relevant to the utilisation of these amounts. Unutilised capital allowances are also subject to the same-business test, which requires the company to continue carrying on the trade or business for which the allowances were granted.

These rules make changes in ownership an important consideration in cross-border M&A and corporate restructuring. A substantial change in shareholders or their shareholdings may restrict the utilisation of carried-forward losses or capital allowances. However, a company may apply for a waiver of the shareholding test where the change is due to genuine commercial reasons rather than being undertaken to obtain a tax benefit.

6. Donations

Qualifying donations to an approved Institution of a Public Character or the Singapore Government for local community causes are generally eligible for a 250% tax deduction. The 250% deduction applies to qualifying donations made up to 31 December 2029, subject to the recipient, donation type and other applicable statutory conditions.

Not all donations to registered charities qualify. The recipient must meet the relevant approval requirements, and the type and nature of the contribution must satisfy the applicable rules. Where a donor receives commercial benefits in return, the contribution may not qualify as a pure donation, although specific concessions may apply to certain benefits.

For corporate donors, donations are generally added back as non-deductible expenses in the tax computation, with the 250% deduction for qualifying donations claimed separately, subject to the applicable conditions.



"GST in Singapore"



GOODS AND SERVICES TAX (GST): WHAT IT IS AND HOW IT WORKS

Goods and Services Tax is a broad-based consumption tax imposed on the importation of goods and on most supplies of goods and services in Singapore. The prevailing GST rate is 9%, unless a supply qualifies for zero-rating or is exempt.

GST is charged through the supply chain. A GST-registered business generally accounts for output tax on its taxable supplies and may claim allowable input tax incurred in making those supplies. This input tax mechanism prevents tax from cascading through each stage of production and distribution, while the final economic burden is generally borne by the consumer.

Taxable and non-taxable goods and services

Taxable supplies are generally subject to GST at 9%, unless they qualify for zero-rating or exemption. The table below lists the categories and types of taxable and non-taxable supplies.

Taxable supplies

Type	Standard-rated supplies (9% GST)	Out-of-scope supplies
Goods	Most local sales fall under this category. E.g. sale of TV set in a Singapore retail shop E.g. Sale of tennis racquet by overseas online merchant to customer in Singapore at \$330, excluding freight and insurance	Export of Goods E.g. sale of laptop to an overseas customer, where the laptop is shipped to an overseas address
Services	Most local provision of services fall under this category. E.g. provision of spa services to a customer in Singapore Imported Services E.g. Procurement of marketing services from overseas service provider	Services that are classified as international services E.g. air ticket from Singapore to Germany (international transportation)

Non-taxable supplies

Type	Exempt supplies (GST is not applicable)	Out-of-scope supplies
Goods	Sale and rental of unfurnished residential property. Importation and local supply of investment precious metals.	Sale where goods are delivered from overseas to another place overseas. Private transactions.
Services	Financial services E.g. issue of a debt security Digital payment tokens (from 1 Jan 2020) E.g. exchange of Bitcoin for fiat currency	Private transactions. See Out-of-scope supplies for more information.

When Does a Singapore Company Need to Register for GST?

GST registration is compulsory when a business meets the prescribed taxable turnover threshold of S\$1 million. The threshold is assessed under two bases:

Basis	Assessment Criteria
Retrospective Basis	Assess whether taxable turnover exceeded S\$1 million over the past 12 months.
Prospective Basis	Assess whether there are reasonable grounds to expect taxable turnover to exceed S\$1 million over the next 12 months.

Taxable turnover is not necessarily the same as total accounting revenue. Businesses should identify which supplies form part of taxable turnover and assess whether activities carried on through related entities or business divisions must be considered together. IRAS may disregard an artificial separation of activities where the arrangement has been used to keep taxable turnover below the registration threshold. Ownership, management, financial and operational links between the activities should be reviewed before concluding that each entity is assessed independently.

Where registration is required, businesses must generally apply within 30 days. For prospective registration liabilities arising on or after 1 July 2025, the application deadline remains 30 days, while the effective registration date is generally two months from the forecast date.

Businesses that do not meet the compulsory registration threshold may also apply for voluntary GST registration, subject to IRAS requirements. Voluntary registrants are generally required to remain GST-registered for at least two years and comply with the obligations applicable to GST-registered.

Input Tax Recovery

GST registration does not mean that all GST incurred by a business is recoverable. Input tax is generally claimable only where the business is GST-registered, the expenditure is incurred for business purposes, the required tax invoice or import documentation is held and the claim is not specifically blocked. GST incurred in making exempt supplies may be restricted under the partial exemption rules, while specified categories of expenditure are blocked even when incurred by a GST-registered business.

Separate conditions apply to GST incurred before registration or incorporation. Businesses should therefore establish an input tax review process rather than treating the GST balance in the accounting records as automatically recoverable.

Reverse Charge and Overseas Vendor Registration

Businesses that cannot fully recover input tax may need to account for GST under the reverse charge regime when importing certain services or low-value goods from overseas suppliers.

Separately, overseas suppliers may be required to register under the Overseas Vendor Registration (OVR) regime when supplying remote services or low-value goods to Singapore customers. Generally, this applies where global annual turnover is at least S\$1 million and Singapore B2C supplies exceed S\$100,000.

Sector-Specific Illustrations

Business Type	GST Treatment in Singapore
Consulting & professional services	Services supplied to Singapore customers are generally standard-rated. Services supplied to overseas customers may qualify for zero-rating if the specific conditions for international services are met. GST treatment should be assessed on a supply-by-supply basis.
E-commerce	Local sales of goods to Singapore customers are generally standard-rated, while qualifying exports may be zero-rated. Businesses should retain the required export documentation to support zero-rating.
SaaS & digital services	Services supplied over the internet to Singapore customers are generally standard-rated. Supplies to overseas customers may qualify for zero-rating if the relevant international-services conditions are satisfied.
Import/export businesses	Import GST is generally payable when goods enter Singapore's customs territory. Approved schemes, such as the Import GST Deferment Scheme (IGDS) and Major Exporter Scheme (MES), may defer or suspend import GST for qualifying businesses, helping to manage cash flow.





“Withholding Tax”

Withholding Tax

Overview of Withholding Tax (WHT)

Singapore WHT generally applies when a payer makes specified payments to a non-resident, including interest, royalties and certain fees for services performed in Singapore. The payer is responsible for withholding the applicable amount and paying it to IRAS.

Key Withholding Tax Rates

The following domestic rates generally apply where no preferential rate is available under a tax treaty:

Type of payment	Domestic WHT rate
Interest, commission, fees or other payments relating to loans or indebtedness	15%
Royalties or payments for use of movable property	10%
Rent or payments for use of movable property	15%
Technical assistance, consultancy and management services performed in Singapore	17%
Non-resident professionals providing services in Singapore	15% of gross income
Non-resident directors' fees	24%

The rates in the table are domestic rates and their operation depends on the nature of the payment and the non-resident's circumstances. The 15% rate for interest and loan-related payments, the 10% rate for royalties and the 15% rate for rent or use of movable property are generally final withholding rates on the gross payment where the income is not derived through a trade or business carried on in Singapore and is not effectively connected with a Singapore permanent establishment. Different treatment may apply where these conditions are not satisfied.

For technical assistance, consultancy, management and similar services provided by a non-resident company, withholding tax generally applies only to the portion of the fees attributable to work performed in Singapore. Where services are performed partly in Singapore and partly overseas, the fees should be apportioned on a reasonable and supportable basis. The payer should retain the agreement, personnel records, timesheets or other evidence supporting the allocation.

The prevailing corporate income tax rate, currently 17%, is withheld from the gross Singapore-attributable service fees. This withholding is tax collected on account and is not necessarily the non-resident company's final Singapore tax cost. The non-resident may submit certified financial statements and a Singapore tax computation so that tax is determined on its net income; any excess withholding may then be refunded following assessment.

Services performed entirely outside Singapore without personnel being sent to Singapore generally fall outside the Singapore withholding tax regime. However, reimbursements and cost allocations should not automatically be treated as exempt. With effect from 1 November 2022, the former administrative concession for certain related-party cost-pooling reimbursements was withdrawn, and the character and location of the underlying services must be reviewed.

An applicable DTA may reduce or eliminate withholding tax, depending on its terms and whether the non-resident satisfies the relevant residence, permanent establishment, beneficial ownership and anti-abuse requirements. Where treaty relief produces a reduced or nil rate, the Singapore payer should still complete the required withholding tax filing and retain the non-resident's Certificate of Residence and other supporting documentation.

"Singapore Tax Treaties"



Singapore Tax Treaties

Singapore has signed comprehensive DTAs, limited DTAs and EOI arrangements with around 100 jurisdictions. The scope of these arrangements differs: a comprehensive DTA generally allocates taxing rights across a broad range of income, while a limited DTA may apply only to specified activities or income categories. The relevant agreement should therefore be checked directly, including whether it has entered into force and whether it has been modified by the Multilateral Instrument.

A DTA allocates taxing rights between Singapore and the treaty partner and may reduce or eliminate withholding tax on cross-border income such as interest, royalties and certain other payments. It may also provide relief from double taxation through a tax exemption or foreign tax credit, and set out permanent establishment (PE) rules that determine when a foreign enterprise's activities in Singapore, or a Singapore company's activities overseas, may become taxable in the relevant jurisdiction.

Incorporating a Singapore company does not, by itself, confer treaty benefits. To access DTA relief, the company generally needs to be tax resident in Singapore, with tax residence determined by where its control and management is exercised. A Certificate of Residence (COR) is generally required to substantiate Singapore tax residence when claiming treaty benefits, although the specific requirements depend on the relevant treaty and foreign tax authority. Treaty benefits may also be subject to specific conditions under the relevant DTA, including beneficial ownership or anti-abuse provisions where applicable.

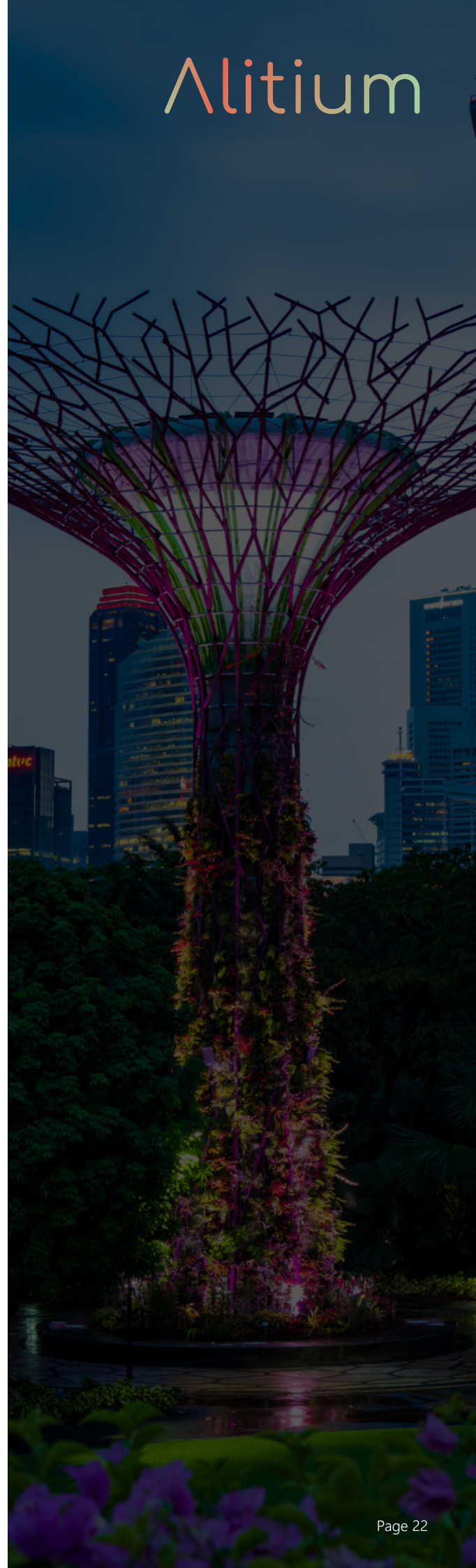
Branch Versus Subsidiary

A Singapore-incorporated subsidiary is a separate legal entity from its foreign parent. Its Singapore tax residence depends on where the control and management of its business are exercised. A Singapore branch, by contrast, is an extension of the foreign company rather than a separate entity and will not ordinarily be treated as a Singapore-incorporated resident company.

Both a subsidiary and a branch are generally subject to Singapore corporate income tax on their taxable Singapore profits. However, treaty access, Certificates of Residence and foreign-sourced income exemptions may differ. A branch generally relies on the treaty residence of its foreign head office, while a qualifying Singapore-resident subsidiary may access Singapore's treaty network and specified foreign-income exemptions in its own right.

Singapore does not impose a separate branch profits or branch remittance tax. Remitting the after-tax profits of a Singapore branch to its head office therefore does not ordinarily create an additional Singapore withholding tax. Dividends paid by a Singapore company are likewise generally not subject to Singapore withholding tax. The preferred structure should nevertheless be assessed in light of legal liability, regulatory requirements, commercial substance, financing, repatriation and the tax treatment in the parent company's jurisdiction.

For foreign-owned investment holding companies, IRAS may also examine whether genuine control and management is exercised in Singapore and whether there is a valid commercial basis for the Singapore presence. This can make substance, strategic decision-making and local management important considerations when structuring a Singapore holding or investment company.





“Foreign-Sourced Income”

Foreign-Sourced Income

Singapore provides an exemption for certain types of foreign-sourced income received in Singapore by a Singapore tax resident company. Under Section 13(8) of the Income Tax Act, the exemption applies to foreign-sourced dividends, foreign branch profits and foreign-sourced service income, provided the relevant conditions are met.

There are three main conditions under **Section 13(9)**:

1



The income must have been subject to tax in the foreign country. This does not mean that the income must have been taxed at the foreign country's full headline tax rate.

2



The foreign country's highest corporate income tax rate must be at least 15% when the income is received in Singapore.

3

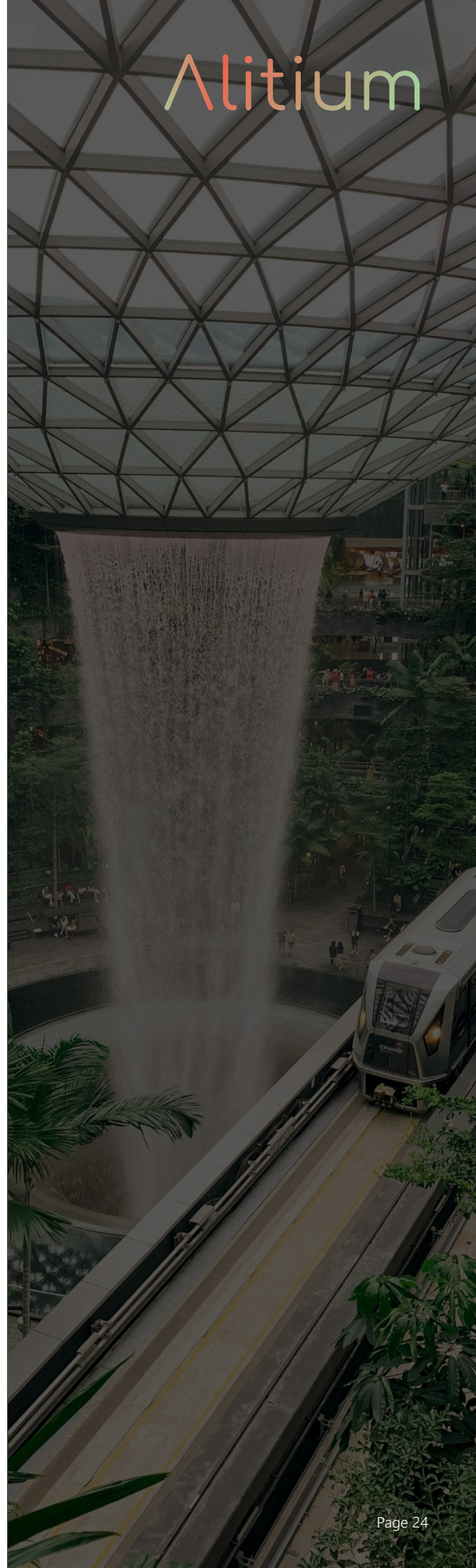


The Comptroller of Income Tax must be satisfied that the exemption is beneficial to the Singapore tax resident company.

If these conditions are not met, the income may still qualify for exemption under other provisions, including Section 13(12), where the relevant requirements are satisfied. Alternatively, the company may be able to claim a foreign tax credit for qualifying foreign taxes, subject to the applicable conditions and limits.

Companies claiming the exemption should keep supporting documents, including evidence of the foreign tax treatment, the foreign country's headline corporate tax rate, and the amount and timing of the income received in Singapore. For foreign-sourced dividends, IRAS provides specific methods for demonstrating that the underlying income has been subject to tax.

Where foreign-sourced income does not qualify for an exemption, it is generally taxable in Singapore when received in Singapore. Where foreign tax has also been paid, a foreign tax credit may be available to reduce the resulting double taxation, subject to the applicable rules.



“Capital Gains and Investment Income”



Capital Gains and Investment Income

Singapore does not impose a standalone capital gains tax. However, gains from the disposal of assets are not automatically tax-free. Gains that are capital in nature are generally not taxable, while gains arising from a trade or business of dealing in the relevant assets may be taxable as ordinary income.

The distinction is based on the facts and circumstances of the transaction, including the taxpayer's intention, frequency of transactions, holding period, nature of the asset and reasons for disposal.

For investors, the key consideration is therefore whether the activity is genuinely an investment or forms part of a trading or business activity.

Gains from Disposal of Shares: Section 13W

Section 13W of the Income Tax Act provides statutory certainty of non-taxation for qualifying corporate disposals of shares.

For disposals on or after 1 January 2026, the rules cover ordinary shares and qualifying preference shares accounted for as equity by the investee company. The divesting company must generally have held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months immediately before disposal. For companies, the 20% threshold may also be assessed on a group basis; this is subject to detailed statutory conditions rather than a general aggregation election, and should not be assumed to apply without checking the specific requirements.

The Section 13W exemption is subject to specific exclusions, including exclusions concerning certain investee companies whose activities or value are connected with immovable property. The applicable treatment depends on matters including whether the investee is listed or unlisted, whether it trades in or principally holds Singapore immovable property, whether it has undertaken property development and how developed property has been used. These exclusions should be tested against the detailed statutory provisions and current IRAS guidance rather than applying a general property-company label.

Section 10L: Foreign-Sourced Disposal Gains

Where foreign assets are involved, the separate foreign-sourced disposal gain rules under Section 10L should also be considered. Section 10L applies to certain foreign-sourced disposal gains received in Singapore.

Broadly, the rules may apply where:

- 1 The gain arises from the disposal of a foreign asset;
- 2 The gain is received in Singapore by an entity of a relevant group; and
- 3 The entity does not qualify for an applicable exclusion, including where the relevant economic substance requirements are not satisfied.

For foreign assets other than intellectual property rights, the availability of an exclusion may depend on whether the entity has adequate economic substance in Singapore. Foreign-sourced disposal gains from intellectual property rights are subject to separate treatment under Section 10L.

Importantly, Section 10L operates separately from the general capital-versus-revenue analysis and the Section 13W share disposal rules. A disposal may satisfy the equity-divestment conditions under Section 13W but still require a separate Section 10L analysis where the asset is foreign.

For foreign investors, the analysis should therefore consider both the nature and location of the asset and the Singapore entity's circumstances, including its activities and economic substance.

Investment Holding Companies versus Trading Businesses

The tax treatment of investment income and related expenses can differ depending on whether a company is carrying on an investment-holding activity or a trade or business.

Investment holding companies that hold investments for the long term and derive non-trade income, such as dividends, interest or rental income, are subject to specific rules governing the deductibility of expenses. By contrast, businesses carrying on a trade or business are generally assessed under the ordinary rules for taxable income and deductible expenses. Investment holding companies are **not eligible for the Start-Up Tax Exemption**, although they may qualify for the Partial Tax Exemption where the relevant conditions are met.

The distinction should therefore be considered when establishing a Singapore investment or holding structure, particularly where the company will incur significant financing or operating costs.

Property and Intellectual Property Transactions

Property transactions require careful consideration of whether the property was held as an investment or as part of a trading or development activity. Factors such as the taxpayer's intention, financing arrangements, holding period, frequency of transactions and the nature of the property activity may be relevant in determining the tax treatment.

Intellectual property transactions also require transaction-specific analysis. The tax treatment can depend on whether the IP is held as a capital asset, exploited in the course of a business, or disposed of following the use of tax allowances or incentives. Particular attention may be required where writing-down allowances or other IP-related incentives have been claimed, or where the disposal involves foreign IP and the Section 10L rules may apply.





“Transfer Pricing”

Transfer Pricing

Singapore applies the internationally recognised arm's length principle to transactions between related parties. In practice, this means that the pricing, terms and conditions of related-party transactions should be consistent with what independent parties would have agreed under comparable circumstances.

Transfer pricing can affect how profits are allocated across jurisdictions and, consequently, the amount of tax payable in Singapore and elsewhere. It should therefore be considered when structuring intercompany transactions, rather than only when preparing the annual tax return.

1. The Arm's Length Principle

IRAS recommends that you adopt the following 3-step approach to apply the arm's length principle in your related party transactions:



Step 1: Conduct comparability analysis



Examine the comparability of transactions in the following 4 aspects and make comparability adjustments for material differences:

- Contractual terms of the transaction
- Characteristics of goods, services or intangible properties
- Functional analysis
- Commercial and economic circumstances

Consider other relevant aspects:

- Evaluate transactions on a separate or aggregate basis
- Use multiple year data
- Consider losses
- Select comparables:
 - a. Internal comparables
 - b. External comparables:
 - i. Commercial databases
 - ii. Comparables with publicly available information
 - iii. Non-local comparables
 - iv. Loss-generating comparables



Step 2: Identify the most appropriate transfer pricing method and tested party



Identify the transfer pricing method that produces the most reliable results:

- Traditional transaction methods:
 - a. CUP method
 - b. Resale price method
 - c. Cost plus method

Transactional profits methods:

- Transactional profit split method:
 - i. Residual analysis approach
 - ii. Contribution analysis approach
- TNMM



Step 3: Determine the arm's length results



Apply the most appropriate transfer pricing method on the data of comparable independent party transaction(s):

Consider using interquartile range to enhance reliability of results



2. Transactions Within Scope

Transfer pricing rules can apply to a broad range of related-party transactions, including:

- Sale or purchase of goods;
- Management, administrative and technical services;
- Use or transfer of intellectual property and other intangibles;
- Intercompany financing and loans;
- Financial guarantees and cash-pooling arrangements; and
- Cost contribution arrangements.

Related parties generally include entities where one party controls the other, or both are under common control. Branches and head offices are also treated as related parties for transfer pricing purposes.

3. Related-Party Services

Singapore companies receiving or providing intra-group services should be able to demonstrate that the services are actually provided, provide a benefit to the recipient and are priced on an arm's length basis.

For certain routine support services listed in Annex C of the IRAS Transfer Pricing Guidelines, IRAS is prepared to accept a 5% cost mark-up, provided specific conditions are met, including that the services are provided only to related parties and all relevant costs are included in the mark-up calculation.

The 5% approach should not be treated as a blanket rule for all intra-group services. Where the conditions are not met, a separate transfer pricing analysis may be required.

4. Related-Party Financing

Interest rates on related-party loans should reflect what independent parties would have agreed under similar circumstances. Relevant factors may include the borrower's credit profile, loan term, currency, security, subordination and prevailing market conditions.

For 2026, IRAS has published an indicative margin of RFR plus 1.80% for qualifying related-party loans not exceeding S\$15 million. The indicative margin provides an alternative to a detailed transfer pricing analysis and is not mandatory.

5. Transfer Pricing Documentation Requirements

Under Section 34F of the Income Tax Act 1947, transfer pricing documentation is generally required where:

- Gross revenue derived from their trade or business is more than \$10 million for the basis period concerned; or
- Transfer pricing documentation was required to be prepared for the basis period immediately before the basis period concerned

Documentation should contain information on the relevant group, the Singapore entity, its related-party transactions, functional analysis and transfer pricing analysis.

Documentation must generally be completed by the income tax filing due date. It does not need to be filed with the tax return, but must be provided to IRAS within 30 days of a request. Documentation must generally be retained for at least five years.

6. Related-Party Transaction Reporting

Transfer pricing documentation should not be confused with the separate Related Party Transactions (RPT) Form. Where the value of related-party transactions disclosed in the financial statements exceeds S\$15 million, the company is required to complete the RPT Form together with its Corporate Income Tax Return.

The S\$15 million threshold is therefore a reporting threshold, rather than the threshold for determining whether transfer pricing documentation is required.

7. Transfer Pricing Adjustments and Surcharge

Where related-party pricing is not at arm's length and results in understated Singapore taxable profit or overstated loss, IRAS may make a transfer pricing adjustment under Section 34D.

A 5% surcharge applies to the amount of a transfer pricing adjustment under Section 34D, regardless of whether the adjustment results in additional tax payable. IRAS may consider remission of the surcharge where there is good cause. Poor transfer pricing practices can therefore create both additional tax exposure and compliance costs.



8. Advance Pricing Arrangements and MAP

Businesses with significant or complex related-party transactions may consider an Advance Pricing Arrangement (APA). An APA allows the taxpayer and IRAS, and where relevant a foreign tax authority, to agree in advance on the methodology and criteria for determining the pricing of specified related-party transactions.

Where a transfer pricing adjustment creates double taxation between Singapore and another jurisdiction, the Mutual Agreement Procedure (MAP) under an applicable Double Taxation Agreement may provide a mechanism for the relevant tax authorities to resolve the dispute.

9. 2026 Update

IRAS issued the Ninth Edition of its Transfer Pricing Guidelines on 4 June 2026, including an update relating to the treatment of share-based compensation. For businesses with cross-border related-party transactions, transfer pricing should be considered from the outset of the structure and reviewed as the business, functions and intercompany arrangements evolve.

Practical Takeaway

For groups expanding into Singapore, the key question is not simply whether an intercompany charge is commercially reasonable. The group should be able to explain why the transaction exists, what each entity actually does, what risks it assumes and why the resulting pricing is arm's length.

This is particularly important for regional management fees, shared services, intellectual property, financing arrangements and other recurring cross-border transactions.



“International Tax and BEPS Developments”



International Tax and BEPS Developments

Singapore continues to align its international tax framework with the OECD/G20 Base Erosion and Profit Shifting (BEPS) initiative. For businesses operating across multiple jurisdictions, the most significant recent development is the implementation of Pillar Two, which introduces a 15% global minimum tax for large multinational enterprise (MNE) groups.

Pillar Two: Global Minimum Tax

Singapore has implemented the Multinational Enterprise Top-up Tax (MTT) and Domestic Top-up Tax (DTT) for financial years beginning on or after 1 January 2025 under the Multinational Enterprise (Minimum Tax) Act 2024. The rules are designed to bring the effective tax rate of in-scope MNE groups towards the 15% global minimum.

Type of Top-up Tax	Description
Domestic Top-up Tax (DTT)	Applies to low-taxed profits of in-scope group entities in Singapore.
Multinational Enterprise Top-up Tax (MTT)	Implements the Income Inclusion Rule (IIR) and applies to certain low-taxed profits of qualifying group entities outside Singapore.

Who is Affected?

An MNE group will be regarded as in-scope MNE Group if it meets both of the following conditions:

Conditions 1	Conditions 2
Has consolidated annual revenue of EUR 750 million or more in at least two of the four preceding financial years; and	Has at least one Constituent Entity, joint venture, or reverse hybrid entity incorporated, registered or located in Singapore

Compliance Obligations

An in-scope MNE group must complete a one-time registration for MTT, DTT and GloBE Information Return purposes within six months after the end of its first financial year to which Singapore's minimum tax legislation applies. The registration identifies the group's relevant Singapore entities and its designated filing entities.

MTT and DTT returns and the GIR, or the applicable GIR notification where central filing is available, are generally due within 15 months after the end of the financial year. The period is extended to 18 months for a transition year. MTT and DTT payments are generally due within one month after the applicable filing deadline. These obligations are separate from the ordinary corporate income tax return and require early coordination across the group.

What Does Pillar Two Mean for a Singapore Company?

For most SMEs and mid-market groups, Pillar Two is unlikely to apply because of the €750 million group revenue threshold.

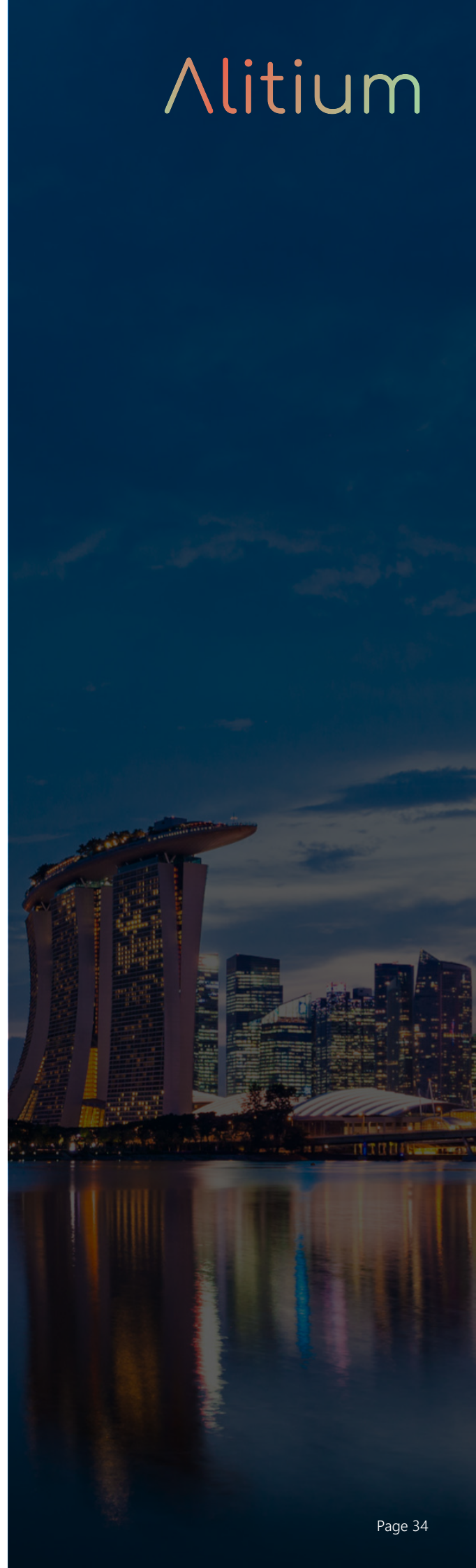
For large MNE groups, however, the impact can be significant. A Singapore tax incentive that reduces the local tax burden does not necessarily translate into an equivalent reduction in the group's overall Pillar Two tax cost. Where the resulting GloBE effective tax rate falls below 15%, a top-up tax may arise, subject to the detailed Pillar Two rules, including applicable exclusions and safe harbours.

This makes Pillar Two particularly relevant when evaluating Singapore tax incentives, regional holding structures and investment decisions.

Practical Takeaway

Pillar Two is unlikely to affect a typical Singapore SME, but it can materially change the tax economics of a Singapore regional headquarters or investment structure operated by a large MNE group.

Businesses approaching the €750 million threshold should assess Pillar Two before entering into major restructuring or incentive arrangements, particularly where Singapore tax incentives form part of the investment case.





"Tax Incentives in Singapore"

KEY TAX INCENTIVE SCHEMES FOR BUSINESSES IN SINGAPORE

Singapore uses targeted tax incentives to attract investment, strengthen headquarters and regional operations, support innovation and R&D, and develop high-value economic activities.

Tax incentives are provided under the Income Tax Act 1947 and the Economic Expansion Incentives (Relief from Income Tax) Act 1967, with different schemes administered by agencies including the Economic Development Board (EDB), Enterprise Singapore and the Monetary Authority of Singapore.

For investors, an important distinction is whether an incentive is statutory and available subject to prescribed conditions, or discretionary and subject to application and approval. For discretionary incentives, the applicable tax rate, qualifying activities, incentive period and commercial commitments are determined as part of the award.

Key Tax Incentives

Incentive	Typical Use	Tax Benefit / Support	Administration
Pioneer Certificate Incentive (PC)	New or substantially more advanced manufacturing or services activities	Corporate tax exemption on qualifying income, subject to the terms of the award	Discretionary EDB
Development and Expansion Incentive (DEI)	New or expanded high-value manufacturing, services and headquarters activities	Concessionary tax rate on qualifying income, subject to the terms of the award	Discretionary EDB
Global Trader Programme (GTP)	International trading businesses establishing substantial trading operations in Singapore	5%, 10% or 15% concessionary tax rate on qualifying trading income for five years, subject to the applicable conditions	Discretionary Enterprise Singapore
Finance & Treasury Centre (FTC)	Regional treasury and finance management activities	8% or 10% concessionary tax rate on qualifying income, together with specified withholding tax exemptions	Discretionary EDB
IP Development Incentive (IDI)	R&D and commercialisation of qualifying intellectual property	Concessionary tax rate on qualifying IP income under the OECD modified nexus approach	Discretionary EDB
Enterprise Innovation Scheme (EIS)	Qualifying R&D, IP registration/acquisition, innovation and training activities	Enhanced deductions or allowances of up to 400% on specified qualifying expenditure, subject to activity-specific annual caps. Eligible businesses may elect to convert up to S\$100,000 of qualifying expenditure across the eligible activities into a non-taxable cash payout at 20%, capped at S\$20,000 per YA and subject to the applicable conditions.	Statutory - subject to qualifying conditions
Refundable Investment Credit (RIC)	Substantive, high-value investment projects, including manufacturing, HQ, services, R&D and green-transition activities	Refundable tax credit based on qualifying investment and expenditure, subject to award conditions	Discretionary EDB / Enterprise Singapore

For YAs 2024 to 2028, the EIS generally provides 400% deductions or allowances on up to S\$400,000 of qualifying expenditure per year for each of the principal R&D, IP registration, IP acquisition or licensing and qualifying training activities. A separate S\$50,000 annual expenditure cap applies to qualifying innovation projects undertaken with approved partner institutions. Budget 2026 also introduced a 400% deduction on up to S\$50,000 of qualifying AI-adoption expenditure for YA 2027 and YA 2028; the cash-payout option does not apply to that AI-adoption expenditure. All claims remain subject to the detailed activity and eligibility conditions.

What Investors Should Consider

Tax incentives should not be assessed by headline tax rates alone.

For discretionary incentives, applicants may need to demonstrate substantive economic activities in Singapore, including investment, employment, business expenditure, strategic functions or capability development. The scope of qualifying income and the company's commitments under the incentive award should also be clearly understood before implementation.

This is particularly relevant for companies establishing a regional headquarters, treasury centre, trading operation or R&D function in Singapore. The commercial substance required to support the incentive may form an important part of the overall investment case.

For large multinational groups, Pillar Two should also be considered when evaluating tax incentives. A lower headline Singapore tax rate does not necessarily translate into an equivalent reduction in the group's overall tax cost where the group is subject to the global minimum tax rules. Singapore has also introduced the Refundable Investment Credit as part of its investment incentive framework, with the credit designed to be consistent with the GloBE rules.

"Tax Treatment of Singapore Holding Companies"



Tax Treatment of Singapore Holding Companies

Singapore is widely used as a regional holding company jurisdiction, but the strongest case for using Singapore is usually structural rather than simply tax-driven. The relevant question is not whether a Singapore holding company can access tax exemptions, but whether it provides a commercially credible platform for holding investments, receiving distributions, managing regional activities and deploying capital.

Several features can support that role. Singapore does not impose withholding tax on dividends paid by Singapore companies, while qualifying gains from the disposal of equity investments may be exempt under Section 13W. Foreign-sourced dividends, branch profits and certain foreign-sourced service income received by a Singapore tax-resident company may also qualify for exemption under Section 13(8), subject to the applicable conditions. Singapore's extensive treaty network can further reduce foreign withholding taxes where the Singapore company qualifies for treaty benefits.

The Key Issue: Substance and Tax Residence

A Singapore-incorporated holding company is not automatically a Singapore tax-resident company. This distinction becomes particularly important for foreign-owned investment holding companies that receive mainly passive or foreign-sourced income. IRAS generally expects such companies to demonstrate that control and management are exercised in Singapore and that there are valid commercial reasons for establishing and maintaining the Singapore presence. Board meetings, strategic decision-making, local directors or management, and an appropriate level of Singapore-based activity should therefore be consistent with the role the holding company is intended to perform.

Substance should not be viewed as a box-ticking exercise. The more significant the Singapore company's role in the group, the more important it is that its people, decision-making, expenditure and activities support that role.

Transfer pricing discipline is equally important for a holding company that also performs active management, treasury or IP licensing functions for the group, since these functions carry their own arm's-length pricing requirements as discussed in Section 10. And where the ultimate group is large enough to fall within Pillar Two, the holding company's effective tax rate on Singapore-sourced profits needs to be modelled alongside the rest of the group's footprint, since a very low effective rate achieved through incentives or exemptions may simply generate an offsetting top-up tax elsewhere.

A Singapore holding company tends to make the most commercial sense where the group has a genuine regional operating footprint that the holding entity can practically oversee, where treaty access to specific investee jurisdictions materially improves withholding tax outcomes, and where the group is prepared to invest in real substance. It tends to create unnecessary complexity where it is interposed purely to access a lower withholding tax rate on a single, static investment, with no operating role, genuine decision-making function, or intention to add further investments over time. Such structures face increasing scrutiny from both IRAS and treaty partners applying beneficial ownership and anti-avoidance tests.



A vibrant night photograph of the Singapore skyline. The Marina Bay Sands hotel is prominent on the left, with its distinctive three towers and skybridge. The Singapore Flyer, a massive Ferris wheel, is on the right. The city's skyscrapers are illuminated with various lights, and their reflections are visible in the water in the foreground. The sky is a deep blue with some clouds.

"Tax for Individuals and Foreign Employees"

Tax for Individuals and Foreign Employees

Singapore's individual income tax system is separate from corporate taxation. For foreign employees and internationally mobile executives, tax residency is the starting point because it determines the applicable tax rates and whether personal tax reliefs are available.

Individual Tax Residency

An individual is generally treated as a Singapore tax resident for a particular Year of Assessment (YA) if they:

- 1 Are a Singapore Citizen or Singapore Permanent Resident who normally resides in Singapore, other than for temporary absences;
- 2 Are a foreigner who has stayed or worked in Singapore for at least 183 days in the preceding calendar year;
- 3 Have stayed or worked in Singapore continuously for three consecutive years; or
- 4 Are a foreign employee whose employment spans two consecutive calendar years and whose total period of stay, including relevant physical presence immediately before and after employment, is at least 183 days, subject to the applicable conditions.

Foreigners holding a work pass that is valid for at least one year may also be treated as Singapore tax residents under an administrative concession. However, tax residency may be reviewed when employment ends and tax clearance is processed. Certain residency concessions do not apply to company directors, public entertainers or professionals.

Tax residency affects both the applicable tax rates and eligibility for personal tax reliefs. Singapore tax residents may claim eligible personal reliefs, subject to the applicable conditions and the overall S\$ 80,000 personal relief cap.

Foreign-sourced income

Overseas income received in Singapore by an individual, including overseas income deposited into a Singapore bank account, is generally not taxable. Important exceptions apply, including certain income received through a Singapore partnership and circumstances in which the income is connected with employment or services exercised in Singapore. The source and nature of the income should therefore be considered before applying the general exemption.

Resident Individual Tax Rates

Singapore tax residents are taxed on a progressive basis. The current rates, applicable from YA 2024 onwards, are:

Chargeable income (S\$)	Marginal rate	Cumulative tax at top of band (S\$)
First 20,000	0%	0
Next 10,000 (to 30,000)	2%	200
Next 10,000 (to 40,000)	3.5%	550
Next 40,000 (to 80,000)	7%	3,350
Next 40,000 (to 120,000)	11.5%	7,950
Next 40,000 (to 160,000)	15%	13,950
Next 40,000 (to 200,000)	18%	21,150
Next 40,000 (to 240,000)	19%	28,750
Next 40,000 (to 280,000)	19.5%	36,550
Next 40,000 (to 320,000)	20%	44,550
Next 180,000 (to 500,000)	22%	84,150
Next 500,000 (to 1,000,000)	23%	199,150

The top marginal rate is 24% for chargeable income exceeding S\$1 million.



Employment Income and Benefits-in-Kind

For employees, taxable employment income generally includes:

- Salary and bonuses;
- Taxable allowances and benefits;
- Director's remuneration where applicable; and
- Taxable benefits-in-kind, subject to specific valuation rules and administrative concessions.

The tax treatment of benefits depends on their nature. For example, company-provided housing, vehicles and certain employee benefits are subject to specific rules rather than simply being taxed at their cash cost.

For employers hiring foreign employees, the structure of an expatriate remuneration package can therefore have both employee tax and employer compliance implications.

Equity Compensation

Employee share options and share awards can give rise to Singapore employment income tax where they are granted in connection with employment exercised in Singapore.

The timing and amount of taxation depend on the type of equity plan and the applicable rules. In general, gains may be taxed when options are exercised or shares vest. Special rules can also apply to foreign employees who leave Singapore with unexercised options or unvested share awards.

In particular, the deemed exercise rule may bring certain unexercised or unvested awards into Singapore taxation when a foreign employee ceases employment. Employers therefore need to review outstanding equity awards as part of the tax-clearance process.

Non-Resident Individuals

Individuals who do not qualify as Singapore tax residents are generally taxed only on income subject to Singapore tax.

For non-residents:

- Employment income is taxed at the higher of 15% or the applicable progressive resident rates;
- Director's fees, consultancy income and most other taxable income are generally subject to a 24% rate; and
- Personal tax reliefs are generally not available.

Certain categories of non-resident income are subject to specific withholding tax regimes. For example, remuneration received by a non-resident director is generally subject to 24% withholding tax, while income derived by a non-resident professional for services performed in Singapore is generally subject to 15% of gross income or 24% of net income, subject to the applicable rules and treaty relief.

A short-term employment exemption may apply where a non-resident foreign employee exercises employment in Singapore for no more than 60 days in the calendar year. The exemption does not apply to company directors, public entertainers or visiting non-resident professionals, and separate rules may apply where the individual's presence forms part of a longer or recurring arrangement.



Tax Clearance for Foreign Employees

Employers generally must obtain tax clearance for a non-Singapore citizen employee who ceases Singapore employment, commences an overseas posting or plans to leave Singapore for more than three months. Form IR21 must generally be filed at least one month before the relevant cessation, posting or departure, and the employer must withhold monies due to the employee from the time it becomes aware of the impending event until IRAS issues its clearance directive.

Exceptions apply. In particular, tax clearance is generally not required merely because a Singapore Permanent Resident ceases employment if the individual is not leaving Singapore permanently and provides the employer with the prescribed Letter of Undertaking. Employers should apply the current IRAS decision process to each departing employee rather than assuming that every cessation by a work pass holder or Permanent Resident requires Form IR21.

Outstanding share options and share awards should also be reviewed because the deemed exercise rules may apply when a foreign employee ceases employment or departs Singapore.

Other Employer Obligations

Individual income tax is only one element of employment compliance. Employers should separately consider Central Provident Fund contributions, which generally apply to Singapore Citizens and Permanent Residents; the Skills Development Levy, which generally applies to employees working in Singapore; and the Foreign Worker Levy, which may apply to Work Permit and S Pass holders. These obligations are administered separately from individual income tax and have their own registration, calculation and payment requirements.

Individual income tax residency is determined separately from corporate tax residency. An individual's tax residence status affects the applicable tax rates, availability of personal reliefs and, in certain circumstances, the treatment of foreign-sourced income.



"Stamp Duty"



Stamp Duty

Stamp duty is a transaction tax imposed on dutiable documents relating to Singapore immovable property and shares. It can therefore be relevant not only to property acquisitions, but also to corporate restructurings, share transfers, leases and financing arrangements.

Key areas include:

Type of Stamp Duty	Description
Share Duty	Generally 0.2% of the higher of the purchase price or value of the shares transferred. Additional rules may apply to transactions involving property-holding entities.
Buyer's Stamp Duty (BSD)	Payable on the acquisition of Singapore property, calculated on the higher of the purchase price or market value. Different rate structures apply to residential and non-residential properties, involving property-holding entities.
Additional Buyer's Stamp Duty (ABSD)	May apply in addition to BSD, particularly to residential property acquisitions, depending on the buyer's profile and the property acquired.
Seller's Stamp Duty (SSD)	May apply when qualifying residential or industrial property is disposed of within the applicable holding period. Rules and rates depend on the property type and acquisition date.
Lease Duty	Applies to leases of Singapore immovable property and is generally calculated based on the higher of the contractual rent or market rent.
Mortgage Duty	Applies to certain mortgage documents and is generally calculated based on the loan amount, subject to applicable caps.

Stamp duty should be assessed as part of the transaction structure rather than after the deal is agreed. Share acquisitions, direct property acquisitions, internal reorganisations and financing arrangements can produce different stamp duty outcomes, while transactions involving property-holding entities may trigger additional conveyance duties.





"Tax Compliance Checklist"

CORPORATE TAX COMPLIANCE: KEY DATES AND OBLIGATIONS

Singapore tax compliance is generally driven by a company's financial year end, GST accounting period and cross-border transactions. The following checklist highlights the key recurring obligations businesses should plan for.

Compliance Item	When To Act	Key Point
✓ Estimated Chargeable Income (ECI)	Within 3 months after financial year end	File ECI unless the company qualifies for the waiver, generally where annual revenue is S\$5 million or less and ECI is nil.
✓ Corporate income tax return	By 30 November	File the applicable Form C-S, Form C-S (Lite) or Form C electronically.
✓ Corporate income tax payment	Generally within 1 month of Notice of Assessment	Payment is separate from the annual corporate tax return filing deadline.
✓ GST return and payment	Generally 1 month after the end of each accounting period	GST-registered businesses must file returns and make payment by the relevant deadline, including where the return is nil.
✓ Withholding tax	By the 15th of the second month following the date of payment	Applies to specified payments made to non-residents, subject to applicable exemptions and tax treaty provisions.
✓ Employee income reporting	By 1 March	Employers participating in the Auto-Inclusion Scheme (AIS) submit employment income information electronically to IRAS. Non-AIS employers generally provide the relevant forms to employees.
✓ Individual income tax return	1 March to 18 April	Individuals should check their filing status and whether they are covered by the No-Filing Service through myTax Portal.
✓ Tax clearance (Form IR21)	Generally at least 1 month before the relevant cessation, overseas posting or departure	Required for certain non-Singapore citizen employees. Employers must generally withhold monies due until tax clearance is obtained.
✓ Transfer pricing documentation	By the corporate income tax return filing due date, where required	Documentation should be prepared contemporaneously and produced within 30 days if requested by IRAS.
✓ Tax and accounting records	Ongoing	Keep supporting accounting, tax and GST records for at least 5 years, subject to the applicable record-keeping rules.

Practical compliance points

- Track the company's financial year end: this drives the ECI and corporate income tax return deadlines.
- Review cross-border payments before payment is made: withholding tax obligations can arise on interest, royalties, certain services and other specified payments to non-residents.
- Coordinate payroll and tax clearance: HR and finance should identify employees requiring Form IR21 early enough to meet the one-month filing requirement.
- Maintain transfer pricing documentation throughout the year: do not wait until the tax return deadline to prepare required documentation.
- Keep records organised: good documentation makes tax filing, audits and IRAS queries significantly easier to manage.

This checklist is intended as a general guide. Specific filing obligations and deadlines may vary depending on the company's circumstances, and should be confirmed against the latest IRAS requirements and notices issued through myTax Portal.

“Common Singapore Tax Mistakes Businesses Should Avoid”



Common Singapore Tax Mistakes Businesses Should Avoid

Singapore's tax framework is relatively straightforward, but the practical outcome often depends on how a business is structured, where activities are carried out and how transactions are documented.

For businesses entering Singapore or using it as an ASEAN hub, the following are common areas where tax costs or compliance risks can arise.

1. Treating the 17% corporate tax rate as the final tax cost

The headline corporate tax rate does not necessarily reflect a company's final tax liability. Exemptions, deductions, capital allowances, rebates and tax incentives can materially affect the effective tax position.

Businesses should assess the taxable income and available reliefs based on their actual activities rather than relying on the headline rate alone.

2. Assuming incorporation automatically creates Singapore tax residence

A Singapore-incorporated company is not necessarily tax resident in Singapore. Corporate tax residence generally depends on where the company's control and management are exercised. This can be particularly important for foreign-owned companies whose key decisions continue to be made outside Singapore.

3. Assuming all capital gains are tax-free

Singapore does not impose a standalone capital gains tax, but gains that are revenue in nature may be taxable as income. Businesses should also consider whether the Section 13W exemption applies to qualifying share disposals and whether other rules, including Section 10L, may apply to gains from foreign assets received in Singapore.

4. Overlooking GST registration requirements

Businesses should monitor taxable turnover carefully and assess the GST registration rules based on their specific activities.

The S\$1 million threshold and the applicable retrospective and prospective tests should be reviewed, particularly where a business operates through multiple entities, business lines or digital channels.

5. Missing withholding tax on cross-border payments

Certain payments to non-residents can trigger Singapore withholding tax. Depending on the nature of the payment, this may include interest, royalties, technical or management services and other specified payments.

Cross-border payment flows should therefore be reviewed before payment is made, including whether a tax treaty or domestic exemption may reduce or eliminate the withholding requirement.

6. Treating accounting depreciation as a tax deduction

Accounting depreciation is generally not deductible for Singapore income tax purposes. Businesses should separately assess whether the underlying capital expenditure qualifies for capital allowances.

This distinction can materially affect the company's taxable income and should be considered when budgeting for major capital expenditure.

7. Underestimating transfer pricing requirements

Related-party transactions should be priced on an arm's length basis and supported by appropriate analysis and documentation. Intercompany loans, management fees, service charges, royalties and recurring recharges can attract scrutiny where pricing is based on arbitrary rates or insufficient commercial support.

8. Using a Singapore company without sufficient substance

A Singapore company should have functions, decision-making and commercial activities that are consistent with its intended role in the group.

This is particularly relevant where Singapore tax residence, treaty access or tax incentives are important to the structure. Substance should reflect the commercial model rather than being added solely to support a tax position.

9. Assuming treaty benefits apply automatically

Singapore incorporation alone does not guarantee access to treaty benefits.

Businesses should consider the company's tax residence, the relevant treaty provisions, beneficial ownership and applicable anti-abuse requirements. A Certificate of Residence may also be required when claiming treaty benefits.

10. Failing to plan for tax consequences early

Tax issues are often harder and more expensive to fix after a transaction has been implemented.

Businesses should assess tax implications when structuring ownership changes, cross-border payments, financing, acquisitions, reorganisations and the use of tax incentives. This includes considering whether changes in shareholding could affect the utilisation of unutilised tax losses and capital allowances.

For multinational groups, tax incentives should also be assessed alongside Pillar Two requirements. A concessionary Singapore tax rate should not be considered in isolation where a jurisdictional minimum tax or top-up tax may apply.

The most common Singapore tax mistakes are rarely caused by not knowing the headline tax rates. They arise when businesses apply a general rule without considering their actual structure, activities, transactions or documentation.

For businesses using Singapore as an operating, holding or regional hub, tax should therefore be considered at the structuring stage, rather than only when the tax return is prepared.



This guide draws on the following categories of authoritative source. Given the pace of change in Singapore tax policy, particularly around the YA 2026 CIT Rebate enhancement and Pillar Two implementation, readers should verify current figures directly against the live IRAS and MOF pages referenced below before relying on this guide for a specific transaction.

Primary Source References

Corporate income tax rebates and exemptions:

<https://www.iras.gov.sg/taxes/corporate-income-tax/basics-of-corporate-income-tax/corporate-income-tax-rate-rebates-and-tax-exemption-schemes>

Capital allowances:

<https://www.iras.gov.sg/taxes/corporate-income-tax/income-deductions-for-companies/claiming-allowances/capital-allowances>

Withholding tax on payments to non-resident companies:

<https://www.iras.gov.sg/taxes/withholding-tax/payments-to-non-resident-company/payments-that-are-subject-to-withholding-tax>

Tax treaty relief for withholding tax:

[https://www.iras.gov.sg/taxes/withholding-tax/withholding-tax-filing/claim-of-relief-under-the-avoidance-of-double-taxation-agreement-\(dta\)](https://www.iras.gov.sg/taxes/withholding-tax/withholding-tax-filing/claim-of-relief-under-the-avoidance-of-double-taxation-agreement-(dta))

DTAs limited DTAs and EOI arrangements:

<https://www.iras.gov.sg/taxes/international-tax/international-tax-agreements-concluded-by-singapore/list-of-dtas-limited-dtas-and-eoi-arrangements>

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Pillar Two registration:

<https://www.iras.gov.sg/taxes/pillar-2-top-up-taxes/registration-for-multinational-enterprise-top-up-tax-and-domestic-top-up-tax>

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<https://www.iras.gov.sg/taxes/individual-income-tax/basics-of-individual-income-tax/what-is-taxable-what-is-not/income-received-from-overseas>

Tax clearance for foreign and SPR employees:

[https://www.iras.gov.sg/taxes/individual-income-tax/employers/tax-clearance-for-foreign-spr-employees-\(ir21\)](https://www.iras.gov.sg/taxes/individual-income-tax/employers/tax-clearance-for-foreign-spr-employees-(ir21))

Finance Income Taxes Bill 2026 consultation:

<https://www.mof.gov.sg/news-resources/newsroom/public-consultation-on-proposed-finance-income-taxes--bill-2026/>

Contact

We hope this tax guide serves as a practical resource for businesses and investors seeking to understand Singapore's tax system and navigate their tax obligations with confidence.

Understanding Singapore's tax framework is essential for effective business planning, regulatory compliance, and financial management. While Singapore offers a competitive and business-friendly tax environment, staying informed about applicable tax regulations, filing requirements, and available tax incentives can help businesses optimise their tax position, manage risks, and support sustainable growth over the long term.

With extensive experience advising international businesses across Singapore, Vietnam, and Malaysia, Alitium helps clients establish their operations, navigate legal, tax, accounting, HR, and compliance requirements, and build effective regional structures. Contact our team to discuss how we can support your business expansion into Singapore and across Asia with confidence.

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