

## Corporate tax rates

Companies are taxed at a flat rate on chargeable income regardless of whether they are local or foreign. The current corporate tax rate is 17%.

### Tax exemption schemes

#### 1) **Start-Up Tax Exemption (SUTE)**

For new start-up companies:

- Except - Investment holding  
- Developer of properties for sale, investment or both

A new start-up company can, subject to conditions, qualify for SUTE scheme for its first three consecutive Years of Assessment as follows:

- a. 75% exemption on the first \$100,000 of normal chargeable income (\$75,000)\*; and
- b. 50% exemption on the next \$100,000 of normal chargeable income (\$50,000)\*.

\* Normal chargeable income refers to chargeable income that is taxed at the prevailing corporate income tax rate. The maximum exemption for each Year of Assessment is therefore \$125,000.

To qualify, the company must meet the following conditions:

- i) incorporated in Singapore (including a company limited by guarantee);
- ii) tax resident in Singapore for the Year of Assessment, ie, control and management in Singapore; and
- iii) has no more than 20 shareholders throughout the basis period for that Year of Assessment where:
  - all of the shareholders are individuals beneficially and directly holding the shares in their own names; or
  - at least one shareholder is an individual beneficially and directly holding at least 10% of the issued ordinary shares of the company.

#### **Effective Corporate Tax Rate on the First \$200,000 of Chargeable Income**

	Chargeable Income		Exempt		Taxable income	
	\$	Rate	\$	\$	\$	\$
First	100,000	75%	75,000		25,000	
Next	100,000	50%	50,000		50,000	
	<u>200,000</u>		<u>125,000</u>		<u>75,000</u>	
Current corporate tax rate 17%						12,750
Effective tax rate: 12,750 / 200,000						6.38%

Remark: Starting from the 4<sup>th</sup> Year of Assessment onwards, the company may be eligible for a partial tax exemption. Please refer to item 2 below.

## Corporate tax rates (cont'd)

### Tax exemption schemes (cont'd)

#### 2) **Partial Tax Exemption (PTE)**

All companies (excluding those that qualify for the SUTE scheme) can qualify for the PTE scheme in each Year of Assessment, as follows:

- a. 75% exemption on the first \$10,000 of normal chargeable income (\$7,500)\*; and
- b. 50% exemption on the next \$190,000 of normal chargeable income (\$95,000)\*.

\* The maximum exemption for each Year of Assessment is therefore \$102,500.

#### **Effective Corporate Tax Rate on the First \$200,000 of Chargeable Income**

	Chargeable Income		Exempt		Taxable income	
	\$	Rate	\$		\$	
First	10,000	75%	7,500		2,500	
Next	190,000	50%	95,000		95,000	
	<u>200,000</u>		<u>102,500</u>		<u>97,500</u>	
Current corporate tax rate					16,575	17%
Effective tax rate:					8.29%	16,575 / 200,000

## Personal tax rates

Income earned in Singapore is chargeable to income tax. Besides salaries and bonuses, perquisites such as housing and stock options will form part of your taxable employment income. However, overseas income derived outside Singapore, Singapore dividends and bank interests are tax exempt in Singapore.

How much income tax you need to pay depends on whether you are treated as a tax resident or tax non-resident. If you stay or work in Singapore for at least 183 days in a calendar year, you will be treated as tax resident. If your employment period of at least 183 days straddles two calendar years, you will be treated as tax resident for both Years of Assessment by administrative concession. A similar 3-year administrative concession may also be applied.

Employment income of non-residents are taxed at the flat rate of 15% or the resident rates whichever results in a higher tax amount on your employment income. Unlike tax residents, non-tax residents are not entitled to personal reliefs.

For residents, tax payable is calculated at progressive rates, reaching a top rate of 22% for taxable income over S\$320,000 (from Year of Assessment 2017 to Year of Assessment 2023) and a top rate of 24% for taxable income over S\$1,000,000 (from Year of Assessment 2024 onwards).

### Tax rates for resident individuals from Year of Assessment 2024 onwards:

Chargeable Income		Income Tax Rate (%)	Gross Tax Payable (\$)
First	\$20,000	0	0
Next	\$10,000	2	200
First	\$30,000	-	200
Next	\$10,000	3.5	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
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	

## Personal tax rates (cont'd)

Tax rates for resident individuals from Year of Assessment 2017 to Year of Assessment 2023:

Chargeable Income		Income Tax Rate (%)	Gross Tax Payable (\$)
First	\$20,000	0	0
Next	\$10,000	2	200
First	\$30,000	-	200
Next	\$10,000	3.5	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
Above	\$40,000	19.5	7,800
First	\$280,000	-	36,550
Above	\$40,000	20	8,000
First	\$320,000	-	44,550
Above	\$320,000	22	