SG 50

BUDGET

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ASCENTIATAX

Personal Tax

- Once off personal tax rebate of 50%, capped at $1,000 for individual taxpayers for YA 2015.
- A more progressive tax rate with effect from YA 2017.
- An increase in the top marginal tax rate from 20% to 22% for income exceeding S$320,000.

Chargeable Income fom YA 2012 to YA 2016	Rate (%)	Gross Tax Payable ($)
First $20,000 Next $10,000	0 2	0 200
First $30,000 Next $10,000	- 3.50	200 350
First $40,000 Next $40,000	- 7	550 2 800
First $80,000 Next $40,000	- 11.5	3 350 4 600
First $120,000 Next $ 40,000	- 15	7 950 6 000
First $160,000 Next $ 40,000	- 17	13 950 6 800
First $200,000 Next $120,000	- 18	20 750 21 600
First $320,000 Above $320,000	- 20	42 350

Chargeable Income from YA 2017	Rate (%)	Gross Tax Payable ($)
On the first 20,000 On the next 10,000	0 2	0 200
On the first 30,000 On the next 10,000	- 3.50	200 350
On the first 40,000 On the next 40,000	- 7	550 2,800
On the first 80,000 On the next 40,000	- 11.5	3,350 4,600
On the first 120,000 On the next 40,000	- 15	7,950 6,000
On the first 160,000 On the next 40,000	- 18	13,950 7,200
On the first 200,000 On the next 40,000	- 19	21,150 7,600
On the first 240,000 On the next 40,000	- 19.5	28,750 7,800
On the first 280,000 On the next 40,000	- 20	36,550 8,000
On the first 320,000 In excess of 320,000	- 22	44,550

Adapted from IRAS website

Chargeable as a company with startup exemption	Rate (%)	Gross Tax Payable ($)
First $100,000	0	0
First $120,000	-	1 190
First $160,000	-	3 570
First $200,000	-	5 950
First $320,000	-	13 090

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On the first 320,000 In excess of 320,000	- 22	44,550

Personal tax

- The CPF monthly salary is raised to S$6,000 from $5,000 from 1 January 2016.
- The total wage ceiling is S$102 (17mths x S$6k).
- The CPF contribution rate for older workers will also be raised. Please refer to CPF board for more details.
- As a result of the of the increase in the wage ceiling, the SRS contribution limits per year for Singapore citizen/PR employee and foreign employee will be S$15,300 (15% x S$102,000) and S$35,700 (35% x S$102,000) respectively.
- Currently non-resident arbitrators are exempted from tax on arbitration work carried out in Singapore. There is a review date of 31 March 2020 legislated.
- In addition non-resident mediators are exempted from tax from commercial mediation work carried out in Singapore.

Passive rental income

- It is proposed that wef YA 2016, instead of claiming actual expenses against passive rental income (excluding rental expenses), the individual may claim 15% expense against the gross income as a proxy of the actual expenses.
- This does not apply for rental income derived from rental income from a partnership and that of trust property.

Corporate tax rebate

- Corporate tax rebate of 30% extended till YA 2017
- Subject to a cap of $20,000

Overview of PIC

R&D	400% tax deduction for S$400,000 of qualifying expenditure on R&D conducted in Singapore and overseas per year of assessment (YA) and 150%/100% for balance expenditure.
Acquisition of IP / In-house licensing	400% allowance for S$400,000 of qualifying cost from acquiring IP rights / in-house licensing incurred per YA and 100% allowance for balance expenditure.
Registration of IP Rights	400% tax deduction for S$400,000 of qualifying costs of registering patents, trademarks, designs and plant varieties incurred per YA and 100% tax deduction for balance expenditure.
Investments in IT and Automation	400% allowance for S$400,000 of expenditure incurred on qualifying investments in automation per YA and 100% allowance for balance expenditure.
Investments in Design	400% tax deduction for S$400,000 of qualifying expenditure on eligible design activities done in Singapore per YA and 100% tax deduction for balance expenditure.
Training	400% tax deduction for S$400,000 of qualifying training expenditure for external training and Certified in-house training per YA and 100% tax deduction for balance expenditure.

Summary

Capping of Expenditure and Cash Conversion		
	Expenditure Cap	Cash Conversion Cap
Cap on	Qualifying expenditure for each of the 6 categories	Expenditure from all the 6 categories
Applied at	Sole-proprietorship/ partnership/ company level	
YA 2011-12	$800K	$60K
YA 2013	$1,400K (200K for YA 2015)	$60K
YA 2014		$60K
YA 2015		$60K
YA 2016 - 18	$1,800K	$60 x 3 = $180K

Summary

Prescribed Automation Equipment		
	Purchase	Lease
Tax treatment (Before YA 2011)	100% CA	100% deduction
PIC (YAs 2015 to 2018)	600% of first $400K incurred 100% on balance	
Qualifying costs	Costs of equipment (incl. HP asset)	Lease payments
Ownership period	1 year from date of acquisition	NA
Cash conversion basis	Per “equipment” basis	NA

PIC Bonus

- Businesses will get a dollar to dollar matching for expenditure in qualifying expenses, subject to a qualifying cap of S$15,000 for the combined YAs 2013 to 2015.
- This is on-top of the existing PIC benefit.
- PIC bonus was not extended beyond YA 2015.

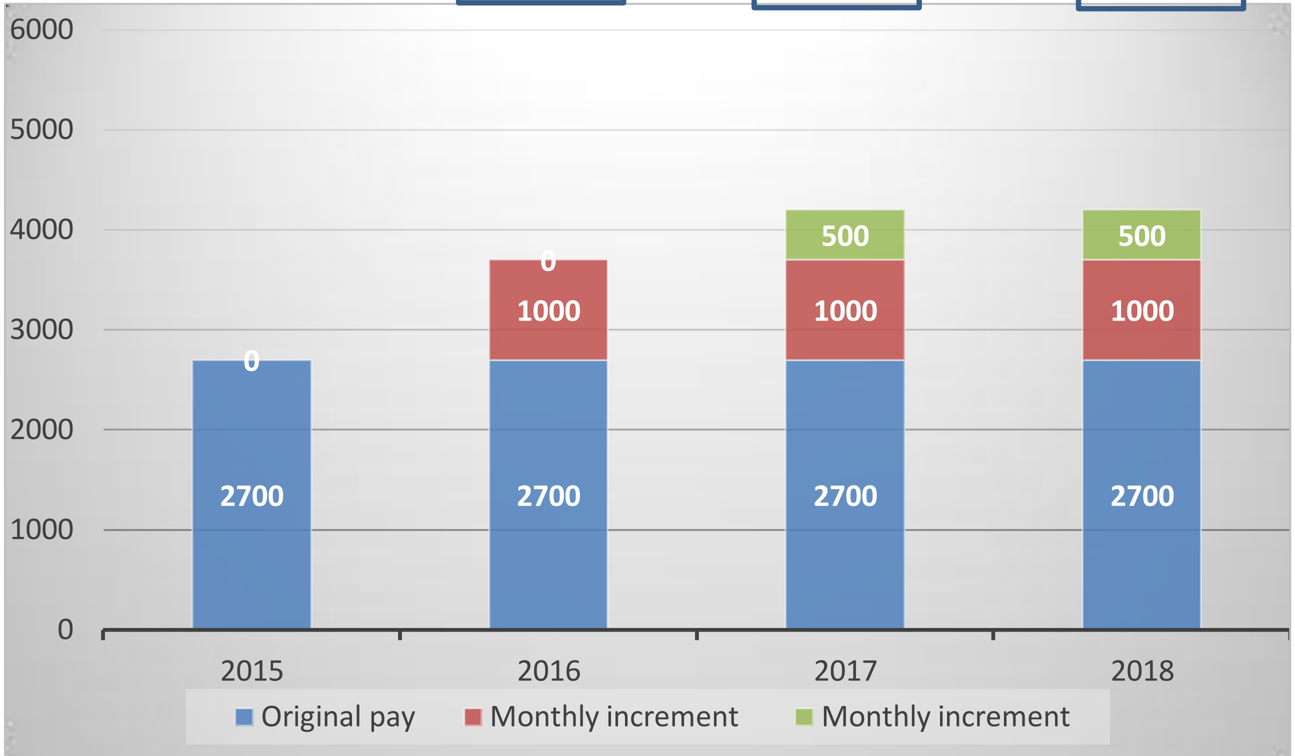
Extension of Wage Credit Scheme

S$200

S$300

S$0

Government
co-funding
@ 40% for 2015
@ 20% for 2016 & 2017



Merger and acquisition Scheme

- Extended to 31 March 2020.
- Wef 1 April 2015, M&A allowance enhanced from 5% to 25%.
- The qualifying cost is reduced from S$100 million to S$20 million.

Qualifying period	Qualifying cost	M&A rate	M&A allowance
1/4/2010 to 31/3/2015	100,000,000.00	0.05	5,000,000.00
1/4/2010 to 31/3/2015	20,000,000.00	0.05	1,000,000.00
1/4/2015 to 31/3/2020	20,000,000.00	0.25	5,000,000.00

Merger and acquisition Scheme

- The qualifying cost for stamp duty relief is also reduced from S$100 million to S$20 million.

Qualifying period	Qualifying cost	Stamp duty rate	M&A allowance
1/4/2010 to 31/3/2015	100,000,000.00	0.002	200,000.00
1/4/2015 to 31/3/2020	20,000,000.00	0.002	40,000.00

- No change in double tax deduction for transaction cost. Transaction cost includes legal fees, accounting or tax advisor's fees and valuation fees but exclude any cost relating to loan arrangement etc.

Merger and acquisition Scheme

- Shareholding requirement relaxed.

Qualifying period	Shareholding requirement before acquisition	Shareholding requirement after acquisition
1/4/2010 to 31/3/2015	if less than 50%	more than 50%
1/4/2010 to 31/3/2015	If more than 50% but lesss than 75%	more than 75%
1/4/2015 to 31/3/2020	if less than 20%	more than 20%
1/4/2015 to 31/3/2020	If more than 20% but lesss than 50%	more than 50%

Double Tax Deduction for Internationalisation Scheme

- Effective from 1 April 2012 to 31 March 2016
- Further tax deduction is granted on qualifying expenses including include airfare, hotel accommodation and meals, costs associated with promotional roadshows, freight and insurance of exhibits, third party consultancy fees, etc, for market development and investment development activities.
- No approval is required for up to $100,000 per YA. Any excess requires approval from IE Singapore.

Enhancement to Double Tax Deduction for Internationalisation Scheme

- Effective from 1 July 2015 to 31 March 2020
- New category of expenses included to grant further tax deduction on qualifying manpower cost for Singaporeans posted new overseas entities.
- The qualifying manpower expenditure is capped at $1 million per financial year.
- Approval is required. There may be quantitative and qualitative conditions prescribed by IE Singapore.

International Growth Scheme ('IGS')

- New tax incentive scheme to provide greater and more targeted support for larger Singapore companies.
- Effective from 1 April 2015 to 31 March 2020
- Under the IGS, qualifying Singapore companies will enjoy a concessionary tax rate of 10% for a period not exceeding five years on their incremental income from qualifying activities.
- Such companies will be expected to engage in internationalisation activities and provide opportunities for Singaporeans to gain greater international exposure.

Extending and enhancing the Angel Investors Tax Deduction (AITD)

- Eligible investors who are able and willing to invest in start-up companies and help them grow.
- It applies to qualifying investments made in qualifying start-up companies from 1 March 2010 to 31 March 2015.
- Under the scheme, an approved angel investor needs to, amongst other conditions, invest a minimum of $100,000 into a start-up company within a year, and hold the qualifying investment for a continuous period of two years, to enjoy a tax deduction of 50% of the cost of the qualifying investment.
- The amount of expenditure incurred on investments that qualify for the deduction is capped at $500,000 per YA.

Angel Investors Tax Deduction (AITD)

- This Scheme is extended till 31 March 2020.
- New qualifying investments made from 24 February 2015 to 31 March 2020 that are co-funded by the Government under Spring Start-Up Enterprise Development Scheme (SEEDS) or Business Angel Scheme (BAS) will also be allowed to qualify for the AITD.

Extending and enhancing the tax deduction for qualifying donations

- The tax deduction for each dollar of qualifying donation has been increased from $2.5 to $3.
- This is for donations made between the period from 1 January 2015 to 31 December 2018.

GST – Simplifying rules for pre-registration claims

- To ease compliance, the claiming of preregistration GST will be simplified to allow a newly GST-registered business to claim pre-registration GST in full on the following goods and services that are acquired within six months before the GST registration date of the business:

  a) Goods held by the business at the point of GST registration; and

  b) Property rental, utilities and services, which are not directly attributable to any supply made by the business before GST registration.

- Thus, businesses no longer have to apportion the pre-registration GST on the above goods and services even if these goods and services have been used to make supplies straddling GST registration or these goods have been partially consumed before GST registration.
- This is provided the use of these goods and services after GST registration is for the making of taxable supplies and not exempt supplies. This change will take effect for businesses that are GST-registered from 1 July 2015.

THE END

Questions?