

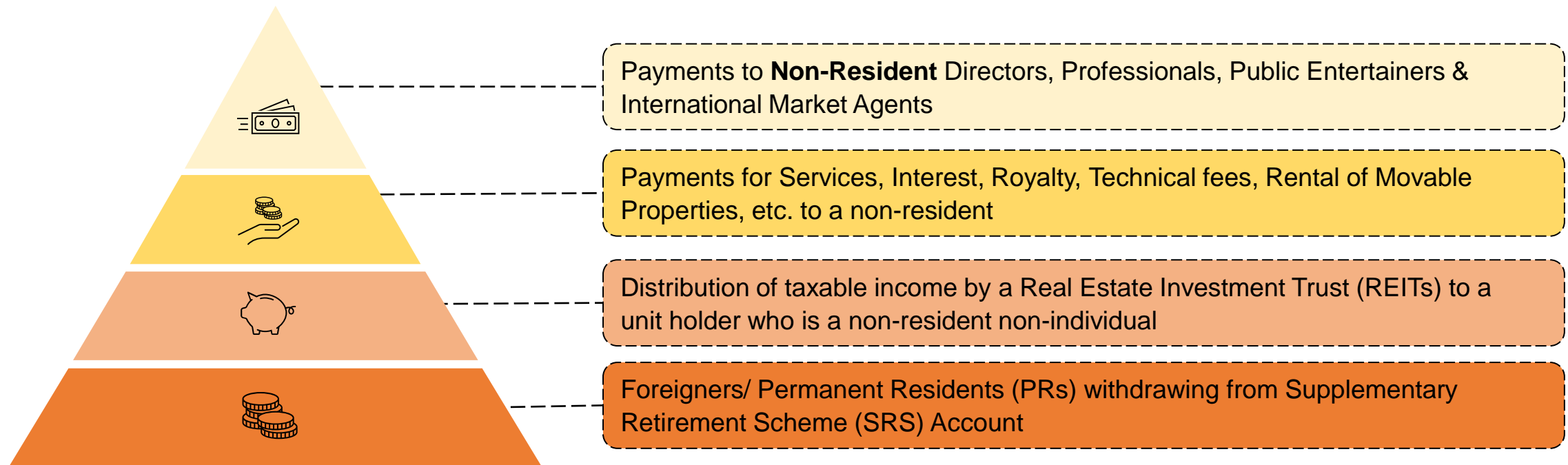


SINGAPORE KNOWLEDGE SERIES #17 - WITHHOLDING TAX

Withholding Taxes

Tax withholding is basically the income tax paid to the government by the payer of an income to non-residents and withdrawals from Supplementary Retirement Scheme (SRS) accounts by Singapore Permanent Residents or foreigners. The applicable withholding tax (WHT) rate depends on the nature of payment being made.

Payments that are subject to withholding taxes are as follow:



A non-resident of Singapore, for tax purposes, is an individual who does not qualify as a tax resident of Singapore. Refer our alert on the **[residential status of individuals in Singapore](#)** to determine if you are a resident or non-resident for tax purposes.

WHT Filing Requirements

The withholding tax payment cum filing of return must be made to the IRAS by the **15th of the second month** from the date of payment ([refer slide #4](#)) to the payee.

Refer the below illustration for easy understanding of filing and payment requirements.

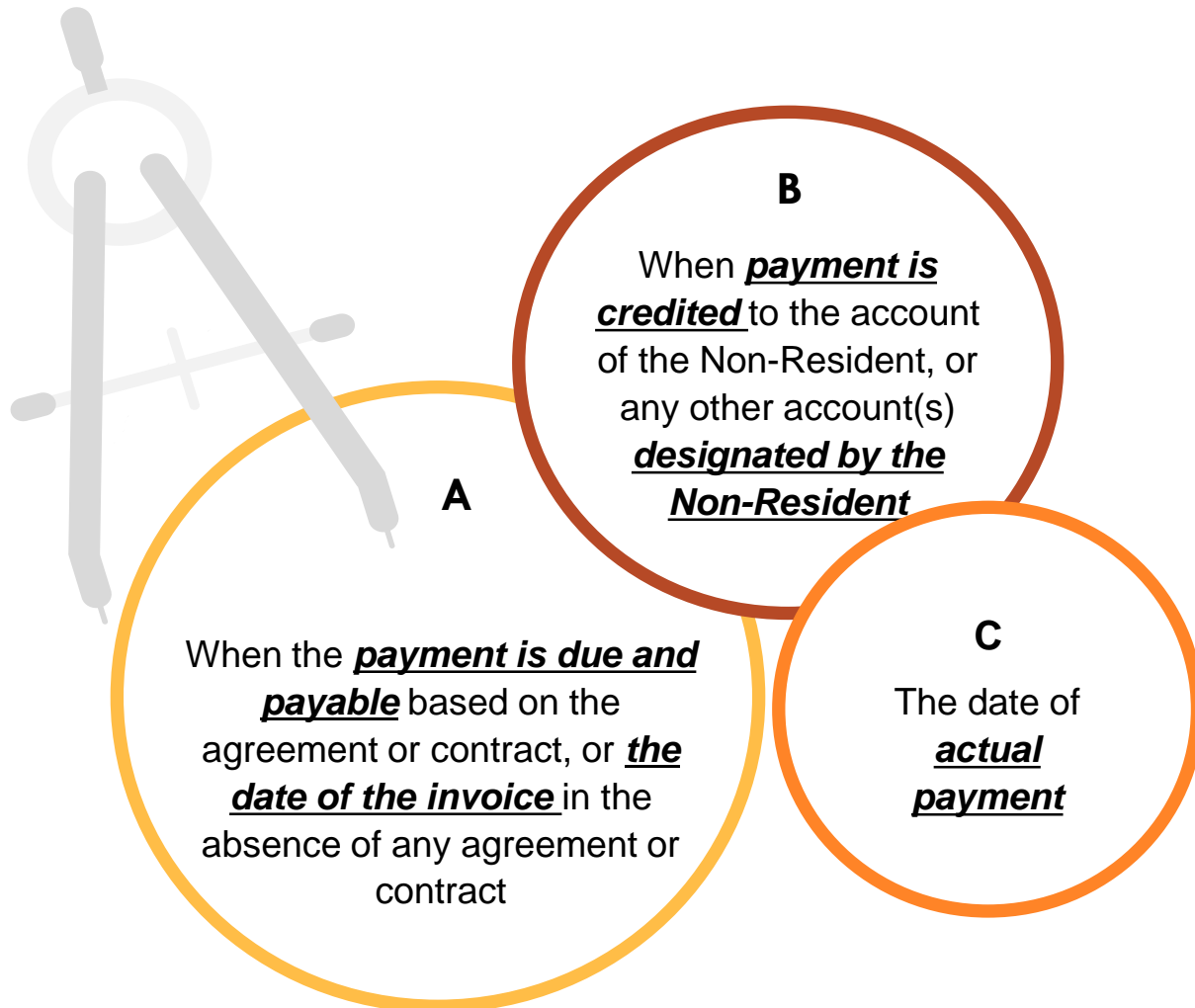
Date of Payment	Due date of filing	Due date of payment	Due date for GIRO* Deduction
26 th Sept 2021	15 th November 2021	15 th November 2021	25 th November 2021
01 st Oct 2021	15 th December 2021	15 th December 2021	25 th December 2021



* General Interbank Recurring Order (GIRO) is an automated electronic payment service which allows the deductor to make monthly payment to the IRAS from the bank account directly. Majority of deductors / taxpayers use this GIRO facility for tax payment and refund.

Date of Payment (1/2)

The date of payment to non-residents is the earliest of the following dates:



The date of payment to the non-resident is crucial to determine the date of filing and payment of withholding tax.

Date of Payment – Director's fee (2/2)



For director's fees approved in arrears

For director's fees approved in advance

The director may not have rendered the requisite services for the accounting year concerned when the fees are approved at the company's AGM.

Hence, the earliest date on which the director can be entitled to the director's fees, **is as and when he renders his services.**



The fees must be disclosed to & approved by members ***before they can be paid*** to him even though the services for the accounting year concerned have been rendered.

Hence, **the earliest date on which the director is entitled** to the director's fees, is the date the said fees are **voted and approved** at the company's AGM.

If multiple payments have been made to the **same** non-resident professional / non-resident public entertainer for the **same engagement** within a 60-days period, then the payments can be consolidated into 1 filing & the last payment date must be declared as the date of payment

Rate of withholding taxes (1/2)

Nature of income	Tax rate
<ul style="list-style-type: none"> a) Interest, commissions, fees or other payments in connection with any loan or indebtedness b) Proceeds from sale of any real property by a non-resident property trader c) Rent or other payments for the use of movable properties 	15%
<ul style="list-style-type: none"> a) Payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information b) Distribution of taxable income made by a Real Estate Investment Trust (REIT) to a unit holder who is a non-resident non-individual c) Royalties or other lump sum payments for the use of movable properties (e.g., intellectual property) 	10%
Royalties and other payments made to author, composer or choreographer	22% (24% from 01 Jan 2023 onwards)
Technical assistance, Management & service fees	Prevailing CIT rate
Time, voyage and bareboat charter fees for the charter of ships	Nil

Rate of withholding taxes (2/2)



Nature of income	Tax rate
Payment to non-resident director	22% (24% from 01 Jan 2023 onwards)
Payment to non-resident professional / firm (unincorporated business) <i>(On gross income or prevailing non-resident individual rate on net income)</i>	15%
Payment to non-resident public entertainer	15%
Commission / payment to non-resident international market agent	3%

Claiming of Tax Treaty / DTA benefit

Where the recipient of the income is a resident of a jurisdiction with which Singapore has an Avoidance of Double Taxation Agreement (DTA), the beneficial **rate / scope, if any, specified in the DTA would apply**. For applying the rates specified in the DTA, a **Certificate of Residence (COR)** from the non-resident is required to be submitted to prove that he is a **tax resident of the treaty country**.

Submit the COR to IRAS by due date, which is:

1. **31st March** of the following year if the claim is for a period¹ in the current calendar year.

For instance: COR to be submitted by 31 March 2022 (for the taxes withheld in the calendar year 2021)

2. **Within three months** from the date of submission of Form IR37² if the claim is for periods relating to preceding calendar years.



1. *Period of Payment relates to the period for which the service was rendered. If the period covers **more than 1 calendar year**, you will be required to file for **each year separately**.*

2. *Form IR37 is required to be filed w.r.t payments made for interest, royalties and directors' remunerations to non-residents that are subject to withholding tax.*

Upcoming Singapore Knowledge Series

Please find below the list of completed & upcoming alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

1. [Incorporation of Company](#)
2. [Allotment of shares](#)
3. [Issuance of share certificate](#)
4. [Register of registerable controllers](#)
5. [Employment Pass](#)
6. [XBRL Filing](#)
7. [Annual General Meeting](#)
8. [ACRA Return filing](#)
9. [Audit requirements](#)
10. [Strike off company](#)

**Corporate
law related**

11. [Taxability of individuals](#)
12. [Taxability of corporates](#)
13. [Certificate of Residence \(TRC\)](#)
14. [Dormant Company](#)
15. [Estimated Chargeable Income](#)
16. [Tax Return Requirements](#)
17. [Withholding tax](#)
18. [Auto Inclusion Submission](#)

**Income Tax
Related**

19. [GST Registration](#)
20. [GST Filing Requirement](#)
21. [Implication of late GST Filing](#)
22. [Input Tax Credit - Basics](#)
23. [Blocked Credits](#)
24. [Basic Invoicing Rules](#)
25. [Record Keeping](#)

GST related

Please click on the link to subscribe to our alerts – [M2K Alert Subscription](#)



THANK YOU

Chennai - India

M2K Advisors LLP

1st Floor, No. 62, 3rd street,
Abhiramapuram, Alwarpet,
Chennai - 600018
Tamil Nadu

Hyderabad - India

M2K Advisors LLP

Manjeera Trinity Corporate
JNTU Road, Plot No S2 ,
Telangana- 500072
Hyderabad

Singapore

M2K Advisors Pte Ltd

The Octagon,
105 Cecil Street, #07-02
Singapore 069534

USA

M2K Sai Advisors Inc

1 AUER CT,
2nd Floor, East
Brunswick
New Jersey - 08816

For any queries, reach us at:

compliance@m2kadvisors.com

Ph no: +65 68659500

This deck is intended for general guidance only and hence should not be considered as an advice or opinion. We do not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this deck. On any specific matter, reference should be made to the appropriate advisor.