



SINGAPORE KNOWLEDGE SERIES #15 – ESTIMATED CHARGEABLE INCOME

Estimated Chargeable Income (ECI)

Estimated Chargeable Income (ECI) is an estimate of your company's taxable profits (after deducting tax-allowable expenses) for a Year of Assessment (YA).

The ECI amount that your company files **should not include** the tax exemption for new start-up companies / partial tax exemption. Inland Revenue Authority of Singapore (**IRAS**) will compute and allow the tax exemption for new start-up companies/ partial tax exemption **automatically**.



The process helps the IRAS conduct an early evaluation of corporate performance on Singapore companies as a whole.

Filing Requirements



01

A company must file ECI **within three months** from the financial year end (FYE) unless it – (i) qualifies for the ECI filing waiver or; (ii) is specifically not required to file ECI. [\(Refer slide 5\)](#)

02

The companies are required to pay the tax payable amount **within one month** from the date of the NOA**, unless it opts and qualifies to pay via instalments.

03

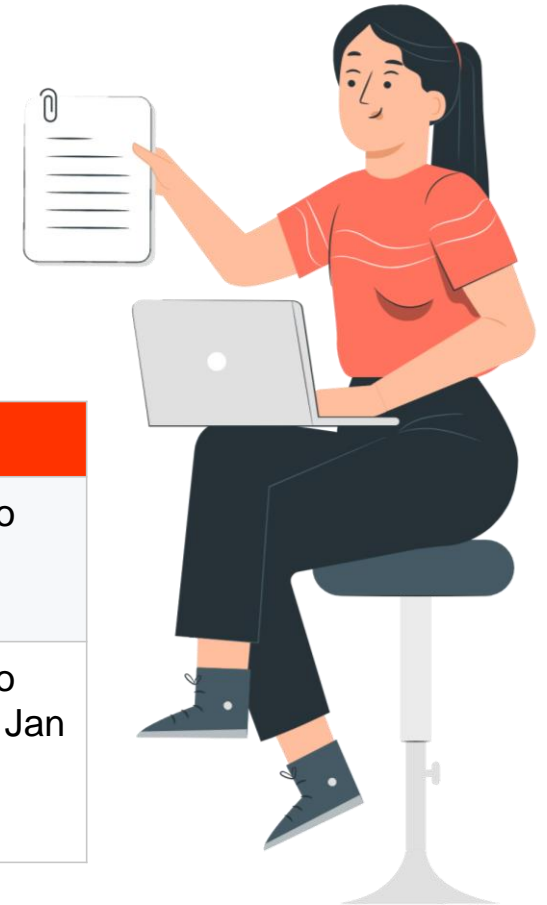
The companies can avail the maximum number of instalments when they file the ECI by the **26th of each qualifying month**. The earlier the filing is done, the greater the number of instalments can be availed.

Tax Payable on 1 st ECI filed within	No. of Instalments that can be availed
1 month from FYE	10
2 months from FYE	8
3 months from FYE	6
After 3 months from FYE	0

**A Notice of Assessment (NOA) is issued by IRAS based on their estimation of the business income, if the company fails to file the returns by the due date. In case, the estimation is perceived to be unfair / wrong, the company may choose to object the same within two months from the receipt of NOA.

Filing Requirement for New Companies

After the first year of incorporation, an **ECI filing notification from IRAS** is sent before the end of company's financial year. The notification **shall not be sent in the year of incorporation**, as most companies do not close their first set of accounts in the year of incorporation. In case the company closes its first set of accounts in the year of incorporation itself, then it is required to file the **ECI within 3 months from the company's first FYE**, even though any ECI filing notification hasn't been received.



Scenario	First Set of Accounts	Due Date to File First ECI
Closes its first set of accounts in the year of incorporation	15 Jul 2021 to 31 Dec 2021	File for YA 2022 (basis period from 15 Jul 2021 to 31 Dec 2021) by 31 Mar 2022
Does not close its first set of accounts in the year of incorporation	15 Jul 2021 to 31 Dec 2022	File for YA 2022 (basis period from 15 Jul 2021 to 31 Dec 2021); and YA 2023 (basis period from 1 Jan 2022 to 31 Dec 2022) together by 31 Mar 2023

Waiver / Non-requirement to file ECI

Companies are required to **self assess** for waiver based on the given criteria. They don't have to seek confirmation or inform IRAS.

The company is not required to file the ECI for a particular YA, if it meets the below-mentioned criteria:

- Annual revenue is not more than SGD 5 million for the financial year **and**
- ECI is NIL for the YA

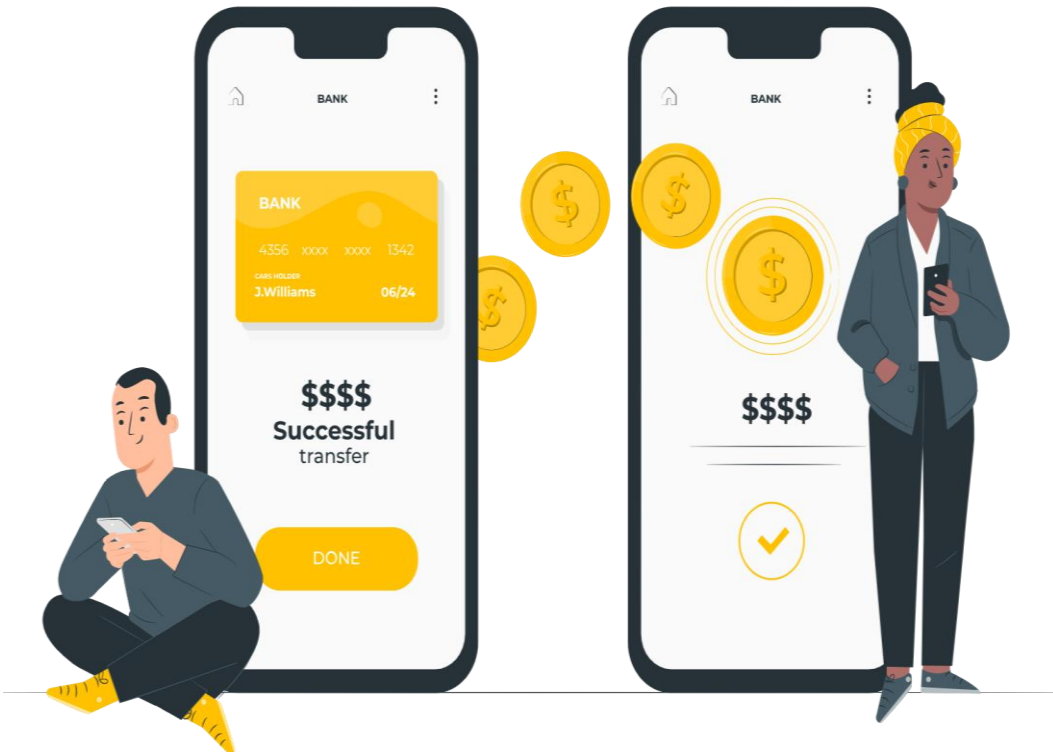
Other Entities Specifically Not Required to File ECI

- Foreign ship owners / charterers for whom the Shipping Return will be submitted by the local shipping agent;
- Foreign universities;
- Designated unit trusts and approved CPF unit trusts;
- Real estate investment trusts that have been granted the tax treatment u/s 43(2) of the ITA; and
- Any other specific case granted waiver to furnish ECI by IRAS



Payment of Estimated Tax

There are two ways to make payments – (a) Electronic Payment (such as Internet Banking, Mobile Banking and NETS) and (b) by General Interbank Recurring Order (GIRO). Companies might sign up for GIRO **at least 3 weeks before filing the ECI**. The GIRO arrangement must be approved before the payment due date for your company to qualify to pay via instalments.



Difference in ECI Amount Declared and Chargeable Income Reported in Income tax return will be treated in the below manner. However, if there is a significant difference between the two, then the company might be required to provide an explanation to IRAS for the same.

Chargeable income reported in Income Tax Return is	Treatment
Less than ECI amount declared earlier	Excess tax paid earlier will be refunded automatically.
More than ECI amount declared earlier	Additional tax to be paid within 1 month from the date of the NOA

Late payment penalties will be imposed if payment is not received by the due date as mentioned in the NOA.

In line with the Digital Government Blueprint to harness digital technologies to transform public service delivery by 2023, **from 3 Jan 2022**, IRAS will no longer be issuing cheques for refunds. Instead, they will be refunded via electronic means (**GIRO or PayNow**).

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