Newbie's Roadmap To Corporate Tax Filing in Singapore

2025 Edition

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Singapore's Tax System In A Nutshell

Singapore is well-recognised as one of the most business-friendly countries in the world. Among other factors, businesses in Singapore benefit from a clear and transparent tax regime. **IRAS** or **Inland Revenue Authority of Singapore** is the government authority responsible for assessing, collecting and administering tax in Singapore.

Territorial Tax Policy

In Singapore, there is a territorial tax policy which means that **corporate income tax** is only **levied on** that part of the income which **has been generated or has been received in Singapore**.

Single-Tier System Of Tax

IRAS implements a single-tier tax system in Singapore. Under the single-tier tax system, the amount of tax which is paid by a company on the chargeable portion of its income is regarded as the **final** amount of tax.

Also, the **dividends declared after tax in Singapore will not be further taxed for Singapore tax residents**. So, any company which is doing business in Singapore as a foreign company needs to pay the tax only on its chargeable income.

Currently, Singapore Corporate Tax Rate for both local and foreign companies is a **flat 17%** of their chargeable income.

How Singapore Corporate Tax Rate Compared To Other Countries

Country	Corporate Tax Rate	Remarks
Singapore	**17%**	Singapore offers various tax incentives and schemes that might result in an effective tax rate lower than 17%. **Start-up Exemption Scheme (SUTE)** • 75% tax exemption on the first $100,000 of normal chargeable income • 50% tax exemption on the next $100,000 of normal chargeable income **Partial Exemption of Tax (SUTE)** • 75% tax exemption on the first $10,000 of normal chargeable income • 50% tax exemption on the next $190,000 of normal chargeable income
Malaysia	**17% - 24%**	17% for small and medium-sized enterprises, and 24% for residential companies.
Australia	**25% - 30%**	25% for small businesses with an annual turnover below **AUD 50 million.**
China	**25%**	Certain industries and regions might have preferential rates.
Hong Kong	**15% - 16.5%**	16.5% on assessable profits of up to $HKD 2M. 15% on assessable profits of more than $HKD 2 million.
Japan	**23.2%**	Includes both national and local taxes
USA	**21%**	Federal CIT: 21%. State CITs range from 1% to 12% (although some states impose no CIT) and are deductible expenses for federal CIT purposes.

Tax Filing Obligations Of A Company

Your company has to file 2 Corporate Income Tax Returns with IRAS every year: **Estimated Chargeable Income (ECI)** and **Form C-S/ Form C-S (Lite)/ Form C**.

1. Estimated Chargeable Income [ECI]

ECI is an estimate of your company's taxable profits (after deducting tax-allowable expenses) for a Year of Assessment (YA). In order for you and your company to stay compliant with **IRAS**, every company is required to submit an ECI within 3 months from the end of your financial year, unless you are not qualified to file for one.

For New Companies

You'll get your ECI filing notification from IRAS in the year following your company's incorporation. This is because most companies don't finalise their first accounts that year.

Financial Year End	Period covered in accounts	Year of Assessment (YA)	Due date for filing ECI for that particular YA
31 December	1 January 2022 to 31 December 2022	2023	31 March 2023
31 March	1 April 2022 to 31 March 2023	2024	30 June 2023

2. Form C-S/ Form C-S (Lite) / Form-C

Form C-S/ Form C-S (Lite)/ Form C is a Corporate Income Tax Return for your company to declare its actual income.

Description	Form C-S (Lite)	Form C-S	Form C
Qualifying Companies	Singapore-incorporated companies with annual revenue ≤ $200,000	Singapore-incorporated companies with annual revenue of ≤ $5 million	All companies
Submission of Supporting Documents	Not required to submit financial statements and tax computations		Required to submit financial statements and tax computations

While the IRAS (Inland Revenue Authority of Singapore) does not require **financial statements** to be included when submitting Form C-S (Lite) or C-S, it is still a **MUST** to prepare a comprehensive financial statement for your **annual general meeting**. This is a topic we've previously explored in detail.

We strongly recommend that you entrust the handling and reviewing of your tax submissions by a **qualified Tax Accountant**. This approach ensures that you take full advantage of the available tax deductions and to avoid **common tax filing mistakes** that are listed down below:

1. Assuming you don't need to file taxes during the **first 3 years** of incorporating the business.
2. Assuming you **don't need to file** taxes as your company **is suffering losses** and not earning much.
3. Thinking your business **profits** are exactly the **same as what you'll be taxed on** could **cost you extra** money that you could have saved.
4. Filing the **wrong Year of Assessment**.
5. Preparing tax computations in **currencies other than SGD**.

Corporate Income Tax Rate

Singapore Corporate Tax Rate for both local and foreign companies is a **flat 17%** of their chargeable income. A company's chargeable income (taxable revenues less allowable plus other allowances) determines the tax amount.

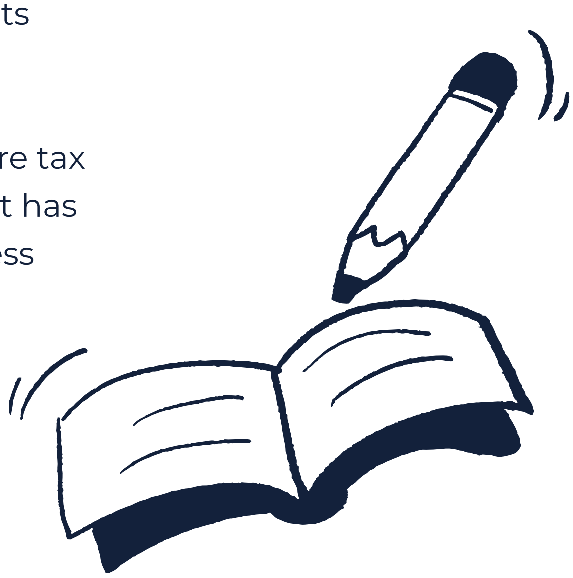
A company is liable to pay tax on its income from the preceding financial year. The IRAS considers incomes and expenses during that particular financial period, which becomes the "**basis period**".

To simplify this better:
Incomes from 2023 will be taxed in 2024, and the year 2024 will become the Year of Assessment (YA) and 2023 will become the basis period

What Is Tax Residency?

The Singapore tax law determines a company's tax residency from where it controls and manages its business.

- A company is a **Singapore tax resident** for a given Year of Assessment (YA) if it has controlled and managed its business in Singapore in the previous year. For instance, a company becomes a tax resident for YA 2023 if it has controlled and managed its business for the whole of 2022 from Singapore.
- A company doesn't become a Singapore tax resident (or remains a non-resident) if it has not controlled and managed its business from Singapore.



What Are The Benefits Of Being Considered A Singapore Tax Resident?

In addition to the tax exemptions schemes covered later, a Singapore tax resident company enjoys two useful benefits. First, it can avoid **double taxation of certain incomes in countries** with which Singapore has an Avoidance of Double Taxation Agreement (DTA). This means that the company can receive a tax exemption or reduction on any chargeable income that has already been taxed in the foreign DTA country. The company has to apply for a **Certificate of Residency (COR)** from IRAS to submit to the Foreign Jurisdiction for this purpose.

The reverse is also true; if the income has already been taxed in Singapore, the company can claim tax exemption or reduction of chargeable income in the foreign DTA country.

A second important benefit of being a Singapore tax resident company, which is similar to the first one, is that the company may be **eligible for tax exemptions** on foreign dividends, foreign branch profits, and service incomes from foreign countries as long as three conditions are satisfied:

- These incomes have already been taxed in that foreign country.
- The foreign country must have a headline tax rate of at least 15%.
- The Inland Revenue Authority of Singapore (IRAS) judges the exemption to be beneficial to the company.

How Should You Calculate It?

Step 1 : Determine Your Taxable Income

GROSS INCOME – OPERATIONAL EXPENSES = NET PROFIT/ LOSS [TAXABLE INCOME]

Step 2 : Determine Your Total Deduction

Singapore provides various tax benefits, such as exemptions, rebates, incentives, and deductions, that can help reduce your tax burden. These benefits can result in a substantial amount of savings that you can use to lower your tax liability. For more details, see **page 9**.

Step 3 : Calculate Total Corporate Income Tax

TAXABLE INCOME – EXEMPTIONS + INCENTIVES+ DEDUCTIONS x 17% CORPORATE TAX RATE

Taxable Income

Your company has to pay tax in Singapore on taxable income that is:
- Accrued in or derived from Singapore; or
- Received in Singapore from outside Singapore.

For example, the income from a business carried on in Singapore is regarded as accrued in or derived from Singapore.

For Singapore tax purposes, taxable income refers to:
- Gains or profits from any trade or business
- Income from investment such as dividends, interest and rental
- Royalties, premiums and any other profits from property
- Other gains that are revenue in nature

Deductions such as business expenses, capital allowances and reliefs can be claimed to reduce taxable income. This leads to lower taxes.

Non-Taxable Income

Capital gains are not taxable. These include:
- Gains on sale of fixed assets
- Gains on foreign exchange on capital transactions

Income Exempted from Tax
Certain types of income are specifically exempted from tax under the Income Tax Act 1947, subject to conditions. These include:

- Certain shipping income derived by a shipping company under Section 13A and Section 13E
- Foreign-sourced dividends, branch profits and service income received by a resident company under Section 13(8)
- Gains derived by a company on the disposal of equity investments under Section 13W (PDF, 346KB)

Breakdown Of Deductible And Non-Deductible Expenses

Deductible	Non-Deductible
Accounting Fee	Amortisation
Administrative Expenses	
Advertisement	
Auditor's Remuneration	
Bad Debts (trade debtors)	Bad Debts (non-trade debtors)
Bank Charges	
Book-keeping services	
Borrowing costs as a substitute for interest costs	
Carbon Credits	Certificate Of Entitlement (COE) for Motor Vehicles
Commission	
CPF-Related	CPF-Related
Skills Development Levy	Voluntary Statutory Contributions (exceeding the statutory rate)
Ad-hoc Medisave Contribution	Interest incurred on late CPF contributions
Retirement Accounts Top Ups	
Voluntary cash Medisave contribution	
Digital taxes imposed (turnover taxes)	Depreciation, donations
Director's fees	Digital taxes imposed as income tax
Director's remuneration	Dividend payments on preference shares

source derived from IRAS

Deductible	Non-Deductible
Employee Equity-Based Remuneration (EEBR) Scheme Employment Assistance Payment (EAP) Exchange loss (trade and revenue in nature) Entertainment Exhibition expenses	Entrance fee (country club or other clubs) Exchange loss (non-trade or capital in nature) Expenses incurred before commencement of business
Foreign worker levy (FWL) (only the reduced FWL incurred by your company, after deducting the FWL rebate for the corresponding period, is allowed tax deduction)	Fixed assets written off Fixed assets acquisition cost (you may instead claim capital allowances) Fines
	Goodwill Payment
Income tax of employee borne by employer Insurance premium Insurance for underwriting bad trade debts Interest Expenses Interest incurred on late payment of fees to a Management Corporation for a Strata Title Plan (MCST) Interest incurred on loans to re-finance prior loans or borrowings Intellectual property (IP) licensing expenditure	Impairment loss on non-trade debts Singapore income tax and any tax on income in country/ territory outside Singapore Installation of fixed assets Interest expenses on non-income producing assets (interest adjustment)
Legal and professional fees (trade and revenue transactions)	Legal and professional fees (non-trade or capital transactions)
Upfront lease expenses incurred by tenants (commission, advertising, legal fees and stamp duty incurred in obtaining, renewing or extending leases)	

source derived from IRAS

Deductible	Non-Deductible
Medical expenses (restricted to 1%/ 2% of total remuneration if company is under Portable Medical Benefits Scheme (PMBS) or Transferable Medical Insurance Scheme (TMIS))	Medical expenses (amount exceeding 1%/ 2% of total remuneration if company is under PMBS or TMIS)
Motor vehicle expenses (such as upkeep, maintenance, running and financing costs of goods/ commercial vehicles e.g. van, lorry and bus)	Motor vehicle expenses (S-plated, Q-plated and RU-plated cars)
Office upkeep	Penalties
Periodicals and newspapers	Prayer expenses
Postage	Prepaid expenses (not this YA)
Printing and stationery	Private and domestic expenses (not incurred for business purpose
Property tax	Private hire car
Provision for bad and doubtful debts (specific) (note impairment loss on trade debts)	Provision for bad and doubtful debts (general) (note impairment loss on trade debts)
Provision for obsolete stocks (specific)	Provision for obsolete stocks (general)
Reinstatement costs	Renovation or refurbishment works
Business Premises Rental	
Registration of patents, trademarks, designs and plant varieties	Ex-gratia retrenchment payments and outplacement support costs, where there is a complete cessation of business
Repairs and maintenance	
Research and development	
Contractual Retrenchment payments	
Ex-gratia retrenchment payments and outplacement support costs, where there is no complete cessation of business	

source derived from IRAS

Deductible	Non-Deductible
Secretarial fees Staff remunerations (salary, bonus and allowances) Staff training Staff welfare/ benefits Statutory and Regulatory expenses Stock obsolescence Supplementary Retirement Scheme (SRS) Tax fees (service fees paid to tax agent)	
Telephone bills Transport (public transport and goods/ commercial vehicles) Travelling	Transport (S-plated, Q-plated and RU-plated cars)
Water and electricity	Withholding tax on interest payments borne by companies on-behalf of non-residents

source derived from IRAS

Tax Exemptions

Start-up Exemption Scheme
IRAS implemented the Start-up Tax Exemption Scheme in 2005 to encourage business start-ups. Under this scheme, new businesses get to pay less taxes for the first three years following their incorporation, provided they meet certain conditions. The scheme aims to increase the number of new businesses and offer a competitive advantage to Singaporean companies.

To become eligible for Start-up Tax Exemption Scheme, companies must satisfy three conditions:

- They must be **tax residents** in Singapore
- There **cannot be more than twenty shareholders**, or there has to be one shareholder who owns at least 10% of the total shares.
- They **must not be investment-holding** companies.

The scheme provides the following tax exemptions to qualifying companies:

- **75% tax exemption** on the first $100,000 of normal chargeable income
- **50% tax exemption** on the next $100,000 of normal chargeable income

For instance, if a company has a chargeable income of $200,000, the maximum exemption for the YA would be:

- $75,000 exemption on the first $100,000 (75%)
- $50,000 exemption on the next $100,000 (50%)
- Maximum exemption for each YA would be $125,000.

Partial Exemption Of Tax
For companies who do not qualify for the start-up tax exemptions can still qualify for partial exemptions! From YA 2020 onwards, companies can enjoy a 75% exemption on their first $10,000 of chargeable income and an additional 50% exemption on the next $190,000 of chargeable income.

Tax Incentive

Enterprise Innovation Scheme

Introduced in Budget 2023, businesses may benefit from enhanced/ new tax deductions and/ or allowances on qualifying expenditure incurred on the following qualifying activities:

- Qualifying R&D undertaken in Singapore;
- Registration of intellectual property ("IPs");
- Acquisition and licensing of IP rights ("IPRs");
- Training; and
- Innovation projects carried out with polytechnics, the Institute of Technical Education ("ITE") or other qualified partners.

Read **here** for more.

Cash Payout

An option to **convert up to $100,000** of the total qualifying expenditure across all qualifying activities for each YA into a non-taxable cash payout at a **conversion rate of 20%**, in lieu of tax deductions and/ or allowances, is available to eligible businesses.

How to Apply

You may **claim** the enhanced deductions/ allowances in your corporate **income tax returns**. Though you must maintain adequate records of the qualifying activities and expenditures and provide them to IRAS upon request.

If you wish to convert the qualifying expenditures into cash, you should make an irrevocable option by submitting a prescribed election form together with the filing of the businesses' income tax returns. The option **must be exercised not later** than the income tax filing **due date for the relevant YA**.

More Tips For New Business Owners

Determining Your Company's First Year of Assessment (YA)
The first YA of your company is the YA that relates to the basis period during which your company is incorporated.

It depends on the financial year end chosen and the closing date of the first set of accounts. Hence, it is important to know that the first YA of your company may differ from another company that is incorporated on the same day.

Expenses Incurred Before Commencement of Business
Generally, expenses incurred before your business commences its business are not tax-deductible as these are incurred to set up the operations of the business and not 'wholly and exclusively' for the production of income.

But here's the exciting twist: To give businesses a boost in their early stages, expenses incurred within the year leading up to the official business kick-off can be tax-deductible. It's a sweet incentive for those daring entrepreneurs like you to transform your dreams into reality!

Attribution of Profits and Losses
New companies may run for more than a year before they complete their first set of accounts, which can cover more than 12 months. But tax rules typically limit the accounting period to 12 months. In this situation, you'll need to split your profits and losses between two different tax years.

To do this, figure out the income and expenses for each year based on when they actually happened. If that's too hard, you can use the time apportionment method, which divides income and expenses based on the number of days in each tax year.

Keeping Proper Financial Records
To run a business, it is important to have good record keeping. Companies that adopt good record keeping practices are able to:

- Make better business decisions
- Be aware of the financial status of your company (e.g. profit or loss position, whether there is internal fraud or theft)
- Reduce the cost and effort required to file the Corporate Income Tax Returns, and to reply to IRAS' queries (if any)

Your company must maintain proper records of its financial transactions and retain the source documents, accounting records and schedules, bank statements and any other records of transactions connected with your business for **at least 5 years** from the relevant Year of Assessment (YA).

To achieve this, investing in a dedicated **expense management tool** is essential. It not only simplifies record-keeping but also gives you more time to focus on growing your business.

Need Help On Filing Taxes?

With a proven track record of empowering thousands of businesses to optimise their tax deductions through our tax filing expertise, we're here to take your business to new heights!

Are you ready to unlock your business's full potential? Start with a free consultation to discover how we can drive your success even further.

Schedule a discovery call

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