



GES NewsFlash

Singapore – 2010 Budget and Recent Developments

June 18, 2010

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Summary

The Singapore 2010 Budget Statement was delivered on 22 February 2010. There were no changes in the personal tax rates and generally only limited changes in the personal income tax arena such as enhanced tax relief for families, continued enhanced tax deductions with respect to charitable donations and reduced withholding tax rate for payments to non-resident public entertainers. In addition, the Inland Revenue Authority of Singapore (IRAS) has recently provided certain tax concessionary treatment for certain staff discounts.

Personal Tax Reliefs

Resident taxpayers are eligible for certain tax reliefs. The Budget enhanced the following categories of tax reliefs, with effect from Year of Assessment 2010 (income year 2009):

- Parent Relief / Handicapped Parent Relief – the quantum of relief has been increased for taxpayer who support his or his spouse's parents, grandparents and great grandparents
- Wife Relief – previously only applicable to male taxpayers. This relief will be renamed as Spouse Relief and be available to female taxpayers.
- Parent / Spouse / Qualifying Child / Working Mothers Child Relief – the income threshold condition of the dependent has been increased from S\$2,000 to S\$4,000.
- Handicapped Parent / Spouse / Sibling / Child Relief – the income threshold condition for handicapped dependent-related relief has been removed.

With effect from Year of Assessment 2011 (income year 2010), the Budget enhanced the following categories of tax reliefs:

- Central Provident Fund (CPF) Top Up Relief for top-up to the CPF account of spouse or siblings – the income threshold condition of the dependent has

been increased from S\$2,000 to S\$4,000.

- Course Fees Relief – the maximum allowable course fees relief will be increased from S\$3,500 to S\$5,500.

Personal Resident Tax rates

The personal resident tax rates remain the same as that for Year of Assessment 2009 (income year 2008).

The personal resident tax rates for Year of Assessment 2010 are:

	Chargeable Income S\$	Tax Rate %	Tax S\$
On the first	20,000	0.00	0
On the next	10,000	3.50	<u>350</u>
On the first	30,000		350
On the next	10,000	5.50	<u>550</u>
On the first	40,000		900
On the next	40,000	8.50	<u>3,400</u>
On the first	80,000		4,300
On the next	80,000	14.00	<u>11,200</u>
On the first	160,000		15,500
On the next	160,000	17.00	<u>27,200</u>
On the first	320,000		42,700
Excess over	320,000	20.00	

Withholding Tax for Non Resident Public Entertainers (NRPE)

Currently, NRPEs are subject to a withholding tax of 15% of their gross income in respect of services performed in Singapore. NRPEs generally include entertainment artists, musicians, athletes etc. exercising their profession in Singapore for less than 183 days within a calendar year.

To attract more entertainers to Singapore, the withholding tax rate in respect of sums payable to NRPEs during the 5 year period from 22 February 2010 to 31 March 2015 has been reduced from 15% to 10%.

Donations

The tax deduction for charitable donations as defined in the Singapore Income Tax Act was enhanced in last year's Budget from 200% to 250% for donations made during income year 2009. In this year's Budget, the 250% tax deduction was extended for donations made during the 2010 income year.

Staff Discounts

The IRAS has recently ruled that with effect from Year of Assessment 2011 (income year 2010), staff discounts (excluding interest free or subsidized loans and discounted stock options or awards) offered to employees and/or their family and friends, is not taxable if the value of the good or service does not exceed S\$500 AND the staff discount scheme is available to all employees.

If the staff discount scheme is available to only selected employees, or if the value of the discount for the good or service is greater than S\$500, the full value of the staff discount is taxable.

People to Contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals as follows:

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