



Back to Basics Year end employer reporting

Grant Thornton Singapore
Employer solutions team



Today's speakers



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Experience

Adrian has over 17 years' experience in tax, starting his career in London with Grant Thornton UK as a Global Mobility Tax and a US private client tax advisor. He then moved to Singapore in August 2015 to “walk the talk” and sample life as an expatriate, an experience he brings to bear when advising employers, their employees and his private clients.

Experience

Ruiyuan has over 15 years' experience in the areas of personal income tax/employment tax in Singapore. He spent 9 years with two of the Big Four accounting firms before he took on the role of Regional Expatriate Tax Manager in a global bank overseeing the expatriate tax policy in the APAC region for almost 2 years.

Agenda

- 1 Employer's obligations - employee's income reporting
- 2 Some key areas to watch out for
- 3 Breakout room discussions
- 4 Key points from the discussion

Top 5 controversial topics



Remote workers
in the Covid era



Central Provident Fund (CPF)



Fringe benefits reporting



Equity reporting
(breakout room topic)



Tax Clearance
(breakout room topic)

Employer's obligations on employee's income reporting requirements



Taxation of Employment Income

- Singapore predominantly taxes income of an individual on a territorial basis.
 - Income on **Singapore workdays** = Singapore sourced
 - Income on **overseas workdays**
= Singapore sourced if incidental to a Singapore employment
- Income includes **all** gains and profits (cash allowance/non-cash benefit) arising from your Singapore employment unless specifically exempt from income tax by law, or are covered by an existing administrative concession.

Employer's Payroll obligation

1. Employer payroll obligations

- Employers must issue itemized pay slips to all employees covered by the Employment Act.
- **Central Provident Fund (CPF):** for Singapore Citizens and Singapore Permanent Residents
- **Self-Help Group contributions (SHG):** All employees that fall within the relevant communities - CDAC, ECF, MBMF or SINDA
- **Skills Development Levy (SDL):** compulsory levy for all employees

Employer's Tax reporting obligation

	Not on AIS	On AIS
Employer reporting form	Form IR8 A (with appendices)	Form IR8 E (with appendices)
How to report	Hardcopy / softcopy form given to employees	Electronic submission to the IRAS
Deadline	1 March of the following year	
Information	Report all employee's <u>Singapore sourced employment earnings</u> for the preceding calendar year	
Non-cash benefit reporting	On the same Form IR8 with more details included in Appendix 8A	
Equity reporting	On the same Form IR8 with more details included in Appendix 8B	

- Auto-Inclusion Scheme (**AIS**) – for employers to submit employment income of employees to the IRAS. From YA 2023, AIS registration is mandatory if there are 5 or more employees.
- YA 2023 Form IR8 reports calendar year 2022 income and is due by 1 March 2023.

Employer's Tax reporting obligation

Who is this relevant to

- All employees exercising employment in Singapore
- Employees working overseas
 - Incidental to Singapore employment
 - Not incidental to Singapore employment
- Includes bonuses / equity that is paid after the end of the employment (e.g. for Citizens)

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Remote workers in the Covid Era

 Fortune

Elon Musk says only 'exceptional' Twitter employees can work from home. Here's how he defines this type of worker

So how does he determine who's exceptional enough to work from home? For Musk, it comes down to a proven superhuman ability to transcend the...

1 day ago



 Time Out

Digital Nomad Life: What's It Like to Work from Anywhere?

More and more far-flung destinations are luring remote workers with special visas. But what's the reality of life as a 'digital nomad'?



 Business Insider

Bali launching visa for wealthy tourists to stay for 10 years

Tourists can now move to Bali for up to 10 years — if they have at ... "digital nomad visas" to capitalize on remote workers who want to...



[HOME](#) > [TECH](#)

Tech CEO says he was hit with up to \$30,000 in surprise taxes and fees after a software engineer worked remotely in California and Texas without telling the company

Aaron Mok Nov 12, 2022, 3:33 AM



Outbound remote workers
working outside of
Singapore

Inbound remote workers
Working in Singapore

Remote workers – Outbound

- Limited guidance on how they are assessed for Singapore tax purposes and reporting
 - Hire someone to be based overseas →
 - You agree for an existing Singapore employee to work from home overseas
- Do the CPF rules follow tax?

Depending on the outcome, the Singapore payroll obligations may differ

Employers still have a reporting requirement even if there is a treaty application possibility

Remote workers - Inbound

- What will be sourced to Singapore?
- Who will have a reporting obligation?
- Are there payroll and CPF requirements?

This is not only a covid-specific working arrangement.



Although there is no Singapore employment contract, reporting requirements still apply.

Are they actual employees or contractors?

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CPF and payroll related items

- What are the requirements
- What is subject to CPF
- Ordinary versus Additional Wages
- Do the rules follow the tax rules?

Where are the CPF rules different to the tax rules

- Ang bao
- Per diem
- Allowance versus reimbursement
- Long term service award
- Bonus
- Referral bonus

CPF and payroll related items

- Recent trend in compliance
 - greater emphasis on payroll reviews by the authorities
 - zooming in on payroll reporting obligations and compliance accuracy
 - SDL notices of underpayment
- Implications
 - Penalties
 - Bad press
 - Adverse impact to your financial statements?

Top 5 controversial topics



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Equity reporting
(breakout room topic)



Tax Clearance
(breakout room topic)

Fringe benefits – impact to employers

Income includes **all** gains and profits (cash / **non-cash benefit**) arising from your Singapore employment unless specifically exempt from income tax or are covered by an existing administrative concession

- Private insurance
- Mobile phones (personal usage)
- Professional subscriptions
- Tax on tax
- Ang bao

Fringe benefits

- How are they treated in Singapore?
 - Anything that is a gain / profit from employment is taxable
 - Generally reportable on the Form IR8 – Appendix 8A / Form IR21 – Appendix 1
 - CPF implications?
 - Tax liability falls on the employee
 - Commonly missed out during the year-end payroll reporting as these are items that are generally not processed via payroll

Fringe benefits – changes

- Tax concession for employer overseas pension / provident fund contributions ending effective 1 January 2024 (YA 2025)
 - Mandatory under the scheme in the home country
 - Contributions are not borne by / no deduction claims by any permanent establishment or company in Singapore

Up to YA 2024

Concessionary treatment
Not taxed on employee if conditions
are met

From YA 2025

Concession ceased
Taxable in the hands of employees

Fringe benefits – other considerations

- Tax costs
 - Greater cost if employers are bearing taxes on certain / all elements of Singapore tax liability
- Corporate tax
 - Deductibility of expenses follow the normal tax rules
- GST
 - There are specific rules for GST purposes (input tax claim, output tax accountability)

Questions & Answer



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