



Individuals

- There are no tax rebates or tax rate changes for individuals for the Year of Assessment (“YA”) 2021.
- The 250% tax deduction available for qualifying donations made to Institutions of a Public Character (“IPCs”) will be extended until 31 December 2023.
- GST will be extended to the importation of low-value goods (not exceeding \$400) by air with effect from 1 January 2023. e.g. purchases from Taobao, Amazon and other overseas vendors.
- GST will be extended to the importation of non-digital services by consumers from 1 January 2023. This includes services such as live interactions with overseas providers of educational learning, fitness training, counselling, and telemedicine.



Businesses - General

- There are no tax rebates or tax rate changes for companies for YA 2021.

Losses and Allowances

- As in YA 2020, YA 2021 tax losses and unabsorbed capital allowances can now be carried back for three years rather than one for prior years. However, the amount remains capped at \$100,000 (i.e. at most a \$17,000 tax refund).
- As in YA 2021:
 - Taxpayers can make an irrevocable election to claim capital allowances over two years rather than three. For qualifying capital expenses incurred in YA 2022, 75% of the cost can be claimed in YA 2022, with the balance in YA 2023.
 - An accelerated deduction will be available for expenditure incurred in the basis period for YA 2022 on renovation and refurbishment. The claim can be made in one year rather than over three, however it remains subject to the same overall cap as before of \$300,000.



Businesses - General

Enhancement of the Double Tax Deduction for Internationalisation scheme

- A tax deduction of 200% is currently available for qualifying expenses incurred in respect of qualifying market expansion and investment development activities.
- No prior approval is required from Enterprise Singapore or the Singapore Tourism Board for double tax deductions on the first \$150,000 of qualifying expenses.
- The scheme is to be enhanced in three ways for qualifying expenses incurred on or after 17 February 2021:
 - It has been enhanced to include virtual trade fairs in respect of certain expenses,
 - The list of qualifying expenses for overseas investment study trips will be expanded to include logistics costs, and
 - The list of qualifying activities that do not need approval under the \$150,000 limit has been expanded.

Enhancement of the Double Tax Deduction for Internationalisation scheme

- Currently, bond issuers who carry on a trade or business in Singapore, are allowed to claim a tax deduction of up to 200% on qualifying upfront costs incurred in relation to the issue of retail bonds.
- This concession will be extended from 19 May 2021 to 31 December 2026 but only in respect of **rated** retail bonds.

Extension and enhancement of the Investment Allowance (Energy Efficiency) (“IA-EE”) scheme

- The IA-EE scheme will be renamed the “Investment Allowance for Emissions Reduction” scheme, with the following revisions for projects approved by The Economic Development Board from 1 April 2021 to 31 December 2026:
 - Expansion in the scope of qualifying projects to include projects involving a reduction in greenhouse gas emissions, and
 - Streamlined and updated eligibility conditions for all projects (i.e. there is no longer a distinction between data centres and non-data centres).

Other extensions and miscellaneous changes

- The Not-for-Profit Organisation tax incentive has been extended until 31 December 2027.
- The Automation Support Package will lapse after 31 March 2021 except in the case of the 100% Investment Allowance, which will continue until 31 March 2023.
- The 250% tax deduction available for qualifying donations made to IPCs will be extended until 31 December 2023.
- The Business and IPC Partnership Scheme will be extended until 31 December 2023 to continue to support corporate volunteering.



Businesses - Financial services

Extension and rationalisation of withholding tax (“WHT”) exemptions for the financial sector

- Currently, WHT exemptions apply to all interest and loan-related payments falling under Section 12(6) of the Singapore Income Tax Act made between banks under an extra-statutory concession. This will now be legislated with effect from 1 April 2021 and will be subject to a review on 31 December 2031.
- In addition, such payments made to any non-resident person by specified entities (banks, finance companies and other entities approved under the Securities and Futures Act) are also exempt from WHT. This will be extended until 31 December 2026.
- The WHT exemption for payments made for structured products and for over-the-counter financial derivatives has been extended until 31 December 2026.



Goods and Services Tax (“GST”)

- A GST hike is still on the horizon and planned for 2022 - 2025. There was no clarification on the exact timing (“sooner than later, subject to the economic outlook”) or the expected manner of implementation (i.e. staggered as opposed to a one time increase).
- More changes were announced to “level the playing field”. These involved expanding the scope of GST from 1 January 2023, to include:
 - Supplies of low-value goods in respect of Business to Consumer (“B2C”) transactions. These will be subject to the existing Overseas Vendor Registration regime (“OVR”).
 - Supplies of low-value goods in respect of Business-to-Business transactions. These will be subject to the Reverse Charge mechanism. As an administrative concession, this will only apply to businesses that are already subject to the Reverse Charge, i.e. only partially exempt businesses.
 - Importation of B2C non-digital services will be brought in line with the existing OVR regime for digital services.
- The proxy for determining the GST treatment of media and related sales is reverting to the default position, i.e. the place where the customer and the direct beneficiary of the service belong.

Contact Us

David Sandison
Head of Tax
T +65 9012 9970
E david.sandison@sg.gt.com

Eng Min Lor
Partner - Direct Tax
T +65 9656 2171
E engmin.lor@sg.gt.com

Munjal Almoula
Partner - Transfer Pricing
T +65 8309 0351
E munjal.almoula@sg.gt.com

Adrian Sham
Partner - Employer Solutions & Private Clients
T +65 9115 7696
E adrian.sham@sg.gt.com

Jeremy O' Neill
Senior Manager - Indirect Tax
T +65 9652 6963
E Jeremy.s.oneill@sg.gt.com