

Moving to Singapore

1. Introduction

The purpose of this memorandum is to provide the following:

- A brief overview of Singapore tax residence rules;
- Ceasing to be a resident of your home jurisdiction;
- Profile of CST Tax Advisors and the services we can offer in Singapore and abroad.

Overview of Tax Residence Rules

The Singapore Tax Act classifies taxpayers as either residents or non-residents. This is important because residents and non-residents are taxed in a different manner.

Note that the concept of “domicile” is not relevant for Singapore income tax liability. “Residence” is the relevant test and this is defined under Section 2 of the Singapore Tax Act.

The definition includes a “qualitative test” as an individual who “resides” in Singapore in the year preceding the year of assessment is regarded as a tax resident in Singapore.

This turns on a number of factors. The term ‘reside’ is not statutorily defined and therefore it is to be given its ordinary meaning when interpreting Singapore law.

There are a number of factors referred to when determining the residency status of an individual in Singapore.

Some of these factors are as follows:

1. Whether the individual has accommodation available to him in Singapore;
2. Whether the individual is in Singapore or abroad for a temporary purpose;
3. Whether the individual has set up a permanent home in Singapore;
4. The frequency, regularity and duration of visits to Singapore and the purpose of such visits.

It is important to note that an individual can be assessed as a tax resident in Singapore even though he may be away from Singapore during the whole year or a part of the year.

This is provided that an individual’s absences from Singapore are considered as “temporary” and not inconsistent with the individual’s claim that he is tax resident in Singapore.

An individual’s absence from Singapore generally should not be with a view or intent to establish a residence abroad.

The term does not necessarily mean a shorter duration abroad as compared to the presence of the individual in Singapore.

The second test evident from the definition is the quantitative test.

It is important to recognize that the primary test is the “qualitative test”.

See further our comments below on the Singapore/Australia Double Tax Agreement.

Not Ordinarily Resident Scheme

Of particular interest to expatriates is the “Not Ordinarily Resident Scheme”.

An individual, who is resident in Singapore for any year of assessment during the first 5 year period, may elect irrevocably to enjoy a number of benefits.

These benefits include:

- An apportionment of employment income based on time in Singapore compared to time outside of Singapore (Note a taxpayer must be at least 90 days outside Singapore before he can participate in the NOR scheme);
- A tax exemption of employer’s contribution to non-mandatory overseas pension fund, up to a specified cap;

Accordingly there are some interesting tax planning opportunities to explore in this area and CST Tax Advisors would be pleased to explain these further.

2. Ceasing to be a resident of your home jurisdiction

One of the reasons that many people choose to move to Singapore is the existence of a low tax environment.

Therefore it will be important to ensure that you have taken all necessary steps to have severed your connection with your home jurisdiction to ensure that the tax benefits of your relocation to Singapore are not clawed back.

We can provide you with advice in relation to these issues if you are leaving Australia, the US, the UK or New Zealand.

3. About CST Tax Advisors

With over 20 years of client service experience our professionals can assist you achieve your strategic tax objectives. We have the technical and industry knowledge to provide both professional advice and practical solutions.

We are a wholly independent accountancy practice with offices in Sydney, Singapore, Hong Kong, New York and Los Angeles.

Professional assistance in Singapore

We can assist clients specifically in the areas of;

For all clients

- Departure tax planning and arrival in Singapore;
- Advice on salary packaging in Singapore and tax concessions;
- Preparation of your personal income tax return in Singapore;
- Establishment of your Singapore company or investment vehicles;
- Singapore business taxation;
- Singapore corporate services, including registered office and company secretarial services;

For Australians

In addition to the above services we also provide the following advisory solutions to Australian clients;

- Preparation of your Australian income tax returns;
- Provision of tax advice in relation to investing in Australian property, and structuring of debt to be deductible in Australia;
- Advice on tax structuring of investments into Australia;

Contact us

We have expertise in providing professional services in the following areas:

- Australian Tax, US Tax and International Tax;
- Personal tax advice for relocation to and from Australia, the United States, Asia and the UK;
- Establishment of business structures in Australia, Singapore and Hong Kong and the US;
- Expatriate Tax Advice;
- Trusts & Superannuation Funds;
- Structuring & Asset Protection strategies;
- Estate Planning;
- Professional Tax Compliance and Accounting;

We would be pleased to discuss your personal position.

Please contact Matthew Marcarian in Singapore

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For further information please visit our website:

www.csttax.com