Budget 2022 - Overview of Tax Changes

Tax Changes

Individuals

<table>
<tr><th>Tax Change</th><th>Summary</th><th>FAQ/Related Information</th></tr>
<tr><td>Enhance the progressivity of Personal Income Tax ("PIT") of tax-resident individual taxpayers</td><td>The top marginal Personal Income Tax (PIT) rates will be increased with effect from Year of Assessment (YA) 2024. The new PIT rate structure for tax-resident individual taxpayers will be as follows:

<table>
<tr><th colspan="4">New PIT rates with effect from YA2024</th></tr>
<tr><th></th><th>Chargeable Income ($)</th><th>Tax Rate (%)</th><th>Gross Tax Payable ($)</th></tr>
<tr><td>On the first
On the next</td><td>20,000
10,000</td><td>0
2</td><td>0
200</td></tr>
<tr><td>On the first
On the next</td><td>30,000
10,000</td><td>-
3.5</td><td>200
350</td></tr>
<tr><td>On the first
On the next</td><td>40,000
40,000</td><td>-
7</td><td>550
2,800</td></tr>
<tr><td>On the first
On the next</td><td>80,000
40,000</td><td>-
11.5</td><td>3,350
4,600</td></tr>
<tr><td>On the first
On the next</td><td>120,000
40,000</td><td>-
15</td><td>7,950
6,000</td></tr>
<tr><td>On the first
On the next</td><td>160,000
40,000</td><td>-
18</td><td>13,950
7,200</td></tr>
<tr><td>On the first
On the next</td><td>200,000
40,000</td><td>-
19</td><td>21,150
7,600</td></tr>
<tr><td>On the first
On the next</td><td>240,000
40,000</td><td>-
19.5</td><td>28,750
7,800</td></tr>
<tr><td>On the first
On the next</td><td>280,000
40,000</td><td>-
20</td><td>36,550
8,000</td></tr>
<tr><td>On the first
On the next</td><td>320,000
180,000</td><td>-
22</td><td>44,550
39,600</td></tr>
<tr><td>On the first
On the next</td><td>500,000
500,000</td><td>-
23</td><td>84,150
115,000</td></tr>
<tr><td>On the first
In excess of</td><td>1,000,000
1,000,000</td><td>-
24</td><td>199,150</td></tr>
</table>
</td><td>Individual Income Tax rates</td></tr>
</table>

	The PIT rates for non-tax-resident individual taxpayers (except on employment income and certain income taxable at reduced withholding tax rates) will correspondingly be raised from 22% to 24%.	
Extend the WHT exemption for non-tax-resident mediators	The existing WHT tax exemption, introduced in 2015, has supported Singapore's development as an international mediation hub. To build on the momentum, the Government will continue to support the international mediation sector through a holistic suite of policies and initiatives. The WHT tax exemption will be extended till 31 March 2023. From 1 April 2023 to 31 Dec 2027, gross income derived by non-tax-resident mediators from mediation work carried out in Singapore will be subject to a concessionary WHT tax rate of 10%, subject to conditions. Alternatively, non-resident mediators may elect to be taxed at 24% on the net income, instead of 10% on gross income.	Non-Resident Mediator
Extend the WHT tax exemption for non-tax-resident arbitrators	The existing WHT tax exemption, introduced in 2002, has supported Singapore's development as an international arbitration hub. To build on the momentum, the Government will continue to support the international arbitration sector through a holistic suite of policies and initiatives. The WHT tax exemption will be extended till 31 March 2023. From 1 April 2023 to 31 Dec 2027, gross income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore will be subject to a concessionary WHT tax rate of 10%, subject to conditions. Alternatively, non-tax-resident arbitrators may elect to be taxed at 24% on the net income, instead of 10% on gross income.	Non-Resident Arbitrator

Goods and Services Tax (GST)

Tax Change	Summary	FAQ/Related Information
Increase the GST rate to meet increased recurrent spending needs	The GST rate will be increased in two steps: a) From 7% to 8% with effect from 1 January 2023; and b) From 8% to 9% with effect from 1 January 2024.	GST Rate Change 2023 GST Rate Change e-Tax Guide
Update the GST treatment for travel arranging services	The online travel booking market has grown significantly over the years. To ensure that our GST system remains resilient in a growing digital economy, the basis for determining whether zero-rating applies to a supply of travel arranging services will be updated, to be based on the place where the customer (i.e. the contractual customer) and direct beneficiary of the service belong: a) If the customer of the service belongs in Singapore, the travel arranging service will be standard-rated; or b) If the customer of the service belongs outside Singapore and the direct beneficiary either belongs outside Singapore or is GST-registered in Singapore, the travel arranging service will be zero-rated. This change will ensure that the GST rules accurately reflect the place of consumption of travel arranging services. The change will also ensure parity in GST treatment between local and overseas suppliers on the supplies of travel arranging services. This change will take effect from 1 January 2023. IRAS will provide further details on the changes by 31 July 2022.	Travel Industry International Services

Property Tax

<table>
<tr><th>Tax Change</th><th>Summary</th><th>FAQ/Related Information</th></tr>
<tr><td>Enhance the progressivity of property tax for owner-occupied residential properties</td><td>The progressive property tax rates for owner-occupied residential properties will be revised for the portion of annual value in excess of $30,000. This change will be phased in over two years as shown below.

<table>
<tr><th rowspan="2">Annual Value</th><th colspan="2">Property Tax Rate for Owner-occupied Residential Properties</th></tr>
<tr><th>Effective 1 Jan 2023</th><th>Effective 1 Jan 2024</th></tr>
<tr><td>First $8,000</td><td>0%</td><td>0%</td></tr>
<tr><td>Next $22,000</td><td>4%</td><td>4%</td></tr>
<tr><td>Next $10,000</td><td>5%</td><td>6%</td></tr>
<tr><td>Next $15,000</td><td>7%</td><td>10%</td></tr>
<tr><td>Next $15,000</td><td>10%</td><td>14%</td></tr>
<tr><td>Next $15,000</td><td>14%</td><td>20%</td></tr>
<tr><td>Next $15,000</td><td>18%</td><td>26%</td></tr>
<tr><td>Above $100,000</td><td>23%</td><td>32%</td></tr>
</table>
The final property tax rates of up to 32% will take effect for property tax payable from 1 January 2024.</td><td>Property Tax Rates</td></tr>
<tr><td>Enhance the progressivity of property tax for non-owner-occupied (such as vacant, or let-out) residential properties</td><td>The progressive property tax rate schedule for non-owner-occupied residential properties will be revised. This change will be phased in over two years as shown below.

<table>
<tr><th rowspan="2">Annual Value</th><th colspan="2">Property Tax Rate for Non-owner-occupied Residential Properties</th></tr>
<tr><th>Effective 1 Jan 2023</th><th>Effective 1 Jan 2024</th></tr>
<tr><td>First $30,000</td><td>11%</td><td>12%</td></tr>
<tr><td>Next $15,000</td><td>16%</td><td>20%</td></tr>
<tr><td>Next $15,000</td><td>21%</td><td>28%</td></tr>
<tr><td>Above $60,000</td><td>27%</td><td>36%</td></tr>
</table>
The final property tax rates of up to 36% will take effect for property tax payable from 1 January 2024.</td><td>Property Tax Rates</td></tr>
</table>

Businesses

Tax Change	Summary	FAQ/Related Information
Study the introduction of the Minimum Effective Tax Rate ("METR") Regime	In response to the global minimum effective tax rate under the Pillar 2 Global Anti-Base Erosion ("GloBE") rules of the BEPS 2.0 project, and based on consultation with industry stakeholders, MOF is exploring a top-up tax called the minimum effective tax rate, or "METR". The METR will top up a multinational enterprise ("MNE") group's effective tax rate in Singapore to 15%. The METR will apply to MNE groups operating in Singapore that have annual revenues of at least €750 million, as reflected in the consolidated financial statements of the ultimate parent entity. The METR, if introduced eventually, will be aligned with the Pillar 2 GloBE rules as far as possible. IRAS will study the METR further and consult industry stakeholders on the design of the METR.	
Extend and enhance the Approved Royalties Incentive ("ARI")	The ARI is scheduled to lapse after 31 December 2023. To continue encouraging companies to leverage new technologies and know-how to develop the capabilities of our local workforce and capture new growth opportunities, the ARI will be extended till 31 December 2028. The ARI will also be simplified to cover classes of royalty agreements based on an activity-set-based approach. EDB will provide further details of the changes by 30 June 2022.	
Extend the Approved Foreign Loan ("AFL") scheme	The AFL scheme is scheduled to lapse after 31 December 2023. To continue encouraging companies to invest in productive equipment for the purpose of conducting substantive activities in Singapore, the AFL scheme will be extended till 31 December 2028.	
Extend the Tax Framework for Facilitating Corporate Amalgamations under	To ensure parity in treatment for all companies, including those that are in the insurance business, the tax framework for facilitating corporate amalgamations will be extended to cover amalgamation of Singapore-incorporated companies involving a scheme of transfer[1] under section 117 of the Insurance Act 1966	

section 34C of the ITA to Licensed Insurer	("IA"), where the court order for the confirmation of the scheme referred to under section 118 of the IA is made on or after 1 November 2021. The extension of the framework is subject to conditions, which include the following: a) The amalgamated company takes over all property, rights, privileges, liabilities, and obligations, etc. of the amalgamating company on the date of amalgamation; and b) The amalgamating company becomes dormant (i.e. ceases to conduct any business or any other activities, and does not derive any income) on the date of amalgamation and remains so until it is dissolved or wound up; and c) The amalgamating company is dissolved or wound up before the filing due date of the income tax return for the Year of Assessment ("YA") related to the basis period in which the scheme of transfer was effected. The tax treatments under the tax framework will apply with modifications where appropriate. IRAS will provide further details of the changes by 31 October 2022. [1] *To amalgamate with other licensed insurers, licensed insurers may be required to transfer their insurance-related businesses through a scheme of transfer and hence, cannot transfer these businesses through a statutory voluntary amalgamation under CA. Following the scheme of transfer, the insurers will not automatically cease to exist and will have to undergo the usual process of winding up or dissolution.*	
Facilitate disclosure of company-related information for official duties	To support data-driven policymaking, operations, and integrated service delivery, the following changes to the ITA and GSTA will be made to facilitate the disclosure of information by IRAS for such purposes: a) Where taxpayers have provided consent for their information to be shared, IRAS can disclose such information to a public officer (or any other authorised person outside the public sector who is engaged by the Government or a statutory board) for the performance of his official duties. b) In addition, IRAS can disclose a prescribed list of identifiable information on companies to public sector agencies for the performance of official duties. This sharing of identifiable company-related information within the public sector will be conducted without the need for taxpayer's	

	consent. Any such information shared will be made less granular by IRAS to preserve the taxpayer's confidentiality, while remaining useful to public sector agencies. For instance, the prescribed list will include the sales revenue band an identified company belongs to, but not the exact value of its sales revenue. In addition, such information will not be disclosed to any person outside the public sector even if the person is engaged by the Government or a statutory board.	
Allow the Integrated Investment Allowance ("IIA") scheme to lapse after 31 December 2022	As part of the Government's regular review of tax incentives including their relevance, the IIA scheme will be allowed to lapse after 31 December 2022.	

Finance Sector

Tax Change	Summary	FAQ/Related Information
Enhance the Tax Incentive Scheme for Funds Managed by Singapore-based Fund Manager ("Qualifying Funds")	To continue growing Singapore's asset management industry, the conditions imposed on the investments in physical Investment Precious Metals ("IPMs") under the DI list will be refined as follows. These refinements will be effective on and after 19 February 2022: a) The incidental condition will be removed, i.e. investments in physical IPMs need not be incidental to the trading of derivative IPMs; and b) The cap will be revised to 5% of the total investment portfolio for the taxpayer's incentive award under sections 13D/13O/13U of the ITA. MAS will provide further details of the changes by 31 May 2022.	
Extend and rationalise the WHT exemption for the financial sector	WHT exemption for the following payments are scheduled to lapse after 31 December 2022: a) Payments made under cross currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities;	

	b) Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, members of approved exchanges and members of approved clearing houses; c) Specified payments made under securities lending or repurchase agreements by specified institutions; d) Payments made under interest rate or currency swap transactions by MAS; and e) Payments made under interest rate or currency swap transactions by financial institutions. To continue supporting the competitiveness of our financial sector, the WHT exemption for payments a) to d) will be extended till 31 December 2026. This will cover payments made under a contract or agreement that takes effect on or before 31 December 2026. To rationalise the WHT exemption for the financial sector, the WHT exemption for payment e) will be allowed to lapse after 31 December 2022. Such payments can be covered under the existing WHT exemption for payments on over-the-counter financial derivatives. MAS will provide any consequential details by 31 May 2022.	
Extend and Rationalise the Tax Incentives for Project and Infrastructure Finance	The package of tax incentive schemes for Project and Infrastructure Finance includes: a) Exemption of qualifying income from qualifying project debt securities ("QPDS"); b) Exemption of qualifying foreign-sourced income from qualifying offshore infrastructure projects/assets received by approved entities listed on the Singapore Exchange ("SGX"); and c) Concessionary tax rate of 10% on qualifying income derived by an approved Infrastructure Trustee-Manager/Fund Management Company from managing qualifying SGX-listed Business Trusts/Infrastructure funds in relation to qualifying infrastructure projects/assets ("ITMFM scheme"). The schemes are scheduled to lapse after 31 December 2022.	

	To continue supporting the development of Singapore as an infrastructure financing hub, the existing tax incentive schemes for Project and Infrastructure Finance under a) and b) will be extended till 31 December 2025. As part of our regular review of tax incentives including their relevance, the ITMFM scheme in c) will be allowed to lapse after 31 December 2022. Existing ITMFM scheme recipients will continue to enjoy the tax benefits for the remaining tenure of their existing awards. MAS will provide any consequential details by 31 May 2022.	
Change the basis of preparation of tax computations for insurers from financial statements ("FS") to MAS Statutory Returns	With the adoption of the new Financial Reporting Standard ("FRS") 117 for the preparation of FS, the MAS Statutory Returns instead of FS will be used as the basis for preparing tax computations for insurers. Related consequential adjustments to existing tax treatments will also be introduced. This change is in view of the following: a) Insurers will not be able to prepare their tax computations using the FS prepared in accordance with FRS 117 as the FS will not provide sufficient information necessary to apply the existing tax rules such as those under section 26 of the ITA. b) Using MAS Statutory Returns as the basis for preparation of tax computations will allow the existing tax rules and tax incentives (if applicable) to continue to apply without adding substantial tax compliance burden on insurers. This change will take effect from YA2024 (or YA2025 for insurers whose financial year end is not 31 December). IRAS will provide further details of the changes by 30 September 2022.	

Transport Sector

Tax Change	Summary	FAQ/Related Information
Extend the broad-based withholding tax ("WHT") exemption for container lease payments made to non-tax-resident lessors under operating lease ("OL") agreements	This exemption is scheduled to lapse after 31 December 2022. To continue supporting the local demand for containers, container lease payments made to non-tax-resident lessors under OL agreements entered into on or before 31 December 2027 will be exempted from WHT.	Payments that are Not Subject to Withholding Tax
Extend the broad-based WHT exemption for ship and container lease payments under finance lease ("FL") agreements for Maritime Sector Incentive ("MSI") recipients	This exemption is scheduled to lapse after 31 December 2023. To continue developing Singapore as an international maritime centre, ship and container lease payments made by specified MSI recipients to non-tax-resident lessors under FL agreements entered into on or before 31 December 2028 will be exempted from WHT.	
Extend the Aircraft Leasing Scheme ("ALS")	The ALS is scheduled to lapse after 31 December 2022. To continue encouraging the growth of the aircraft leasing sector in Singapore, the ALS will be extended till 31 December 2027.	