

Singapore - Information on residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

Section 2(1) of the Singapore Income Tax Act (Chapter 134) (“ITA”) provides the definition of “resident in Singapore” as follows:-

“resident in Singapore” —

- (a) in relation to an individual, means a person who, in the year preceding the year of assessment, resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore, and includes a person who is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment;
- (b) in relation to a company or body of persons, means a company or body of persons the control and management of whose business is exercised in Singapore

For an individual to be regarded as a tax resident, he has to satisfy at least one of the following tests:

1) Quantitative Test

The individual is:

- a. Physically present in Singapore for at least 183 days in the calendar year preceding the year of assessment; or
- b. Exercises an employment in Singapore for at least 183 days in the calendar year preceding the year of assessment (excluding directors of a company)

2) Qualitative Test

The individual must reside in Singapore and that his absence from Singapore must be temporary and reasonable.

Please refer to the following website for more information:

<https://www.iras.gov.sg/irashome/Individuals/Foreigners/Learning-the-basics/Individuals--Foreigners--Required-to-Pay-Tax/>

Section II – Criteria for Entities to be considered a tax resident

Section 2(1) of the ITA provides the following definitions:-

“resident in Singapore” —

- (a) in relation to an individual, means a person who, in the year preceding the year of assessment, resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore, and includes a person who is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment;

(b) in relation to a company or body of persons, means a company or body of persons the control and management of whose business is exercised in Singapore

“body of persons” —

means any body politic, corporate or collegiate, any corporation sole and any fraternity, fellowship or society of persons whether corporate or unincorporate but does not include a company or a partnership

In general, bodies of persons include clubs and societies, management corporations, trade associations and town councils and other unincorporated associations.

Based on the definitions above, the tax residency of a company or a body of persons is determined by where the business is controlled and managed.

“Control and management” is the making of decisions on strategic matters, such as those on company policy and strategy. Where the control and management of a company is exercised is a question of fact. Typically, the location of the company's Board of Directors meetings, during which strategic decisions are made, is a key factor in determining where the control and management is exercised.

Please refer to the following website for more information:

<https://www.iras.gov.sg/irashome/Businesses/Companies/Learning-the-basics-of-Corporate-Income-Tax/Tax-Residence-Status-of-a-Company/>

Section III – Entity types that are as a rule not considered tax residents

Entities that are considered fiscally transparent are:-

- 1) **Sole proprietorships** – the business income derived by a sole proprietorship is part of the total personal income of the sole proprietor which is taxed at individual income tax rates;
- 2) **Partnerships** – Each partner of a partnership will be taxed based on his share of the business income of the partnership at individual income tax rates;

Section IV – Contact point for further information

Singapore Competent Authority:

Inland Revenue Authority of Singapore
55 Newton Road, Revenue House
Singapore 307987
www.iras.gov.sg

Attention: International Tax Affairs & Relations Branch