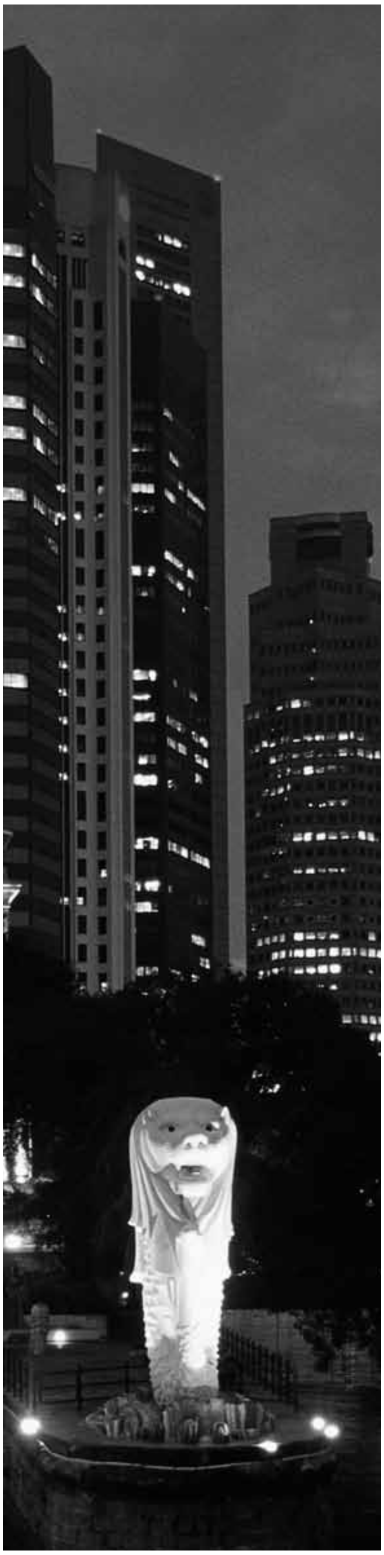
Singapore



1. Types of tax

Singapore generally does not impose inheritance tax, transfer duty or wealth taxes. However, there are tax implications for certain residential property sales, transfers not made in accordance to the will or law, gifts, estates that continue to generate income after death and trusts.

Estate tax on the deemed value of an estate at death has been removed for deaths after 15 February 2008. For deaths prior to this date, estate tax was payable on the principal value of all property that passed or was deemed to pass to the beneficiaries, subject to exemptions of S$9 million for residential properties and S$600,000 for nonresidential assets.

1.1 Inheritance tax — stamp duty

As of 19 February 2011, fixed duty for most instruments upon the distribution of property to a beneficiary of a deceased's estate has been abolished. However, if the document was executed before 19 February 2011, a nominal fixed duty remains payable.The fixed duty is payable if the properties are distributed in accordance with the individual's will or the Intestate Succession Act or the Muslim Law of Inheritance; in these cases only a fixed stamp duty of S$10 applies,

If the distributions are not in accordance with the above, then the documents are regarded as a transfer by way of gift (see Section 1.2). In such cases, full duty will be charged on the excess entitlement acquired by the beneficiary.

For example, under the Intestate Succession Act, if a widower died without leaving a will and was survived by 4 children, these children would be entitled to equal shares of the estate. If the distribution was made in line with this, then there would either be no fixed duty payable (post-19 February 2011) or S$10 (pre-19 February 2011). However, if the whole property is transferred to only 1 child, then the excess transfer (75%) will be subject to full duty.

Documents are required to be stamped within:

- 14 days from the date of execution provided the document was signed in Singapore.
- 30 days of its receipt in Singapore provided the document was signed overseas.

A penalty of up to 4 times may be imposed if the documents are stamped late or insufficiently.

1.2 Gift tax — stamp duty

For any conveyance or transfer operating as gifts, the documents shall be chargeable with stamp duty as if it were a conveyance or transfer on sale. In such instances, for transfers involving immovable properties, the stamp duty will be computed based on the market value of the immovable properties. For transfers involving shares, stamp duty will be computed on the net asset values of the shares transferred.

The full duty rates are as follows:

- S$1 for every S$100 or part thereof for the first S$180,000.
- S$2 for every S$100 or part thereof for the next S$180,000.
- S$3 for every S$100 or part thereof of the remainder.

The stamp duty rate for the transfer of shares is 0.2% on the purchase price or net asset value, whichever is higher.

A document can be presented for stamping at any time before signing of the document. However, once a chargeable document is signed, duty must be paid within:

- 14 days from the date of signing of the document (which is the date of the document).
- 30 days from the date of receipt in Singapore if the document is signed overseas.

A penalty of up to 4 times may be imposed if the documents are stamped late or insufficiently.

If full duty is payable (i.e., transfer by way of gift), then the submission for stamping should be as follows:

- Documents executed (signed) before 1 January 2009
  - The document must be submitted to the Commissioner of Stamp Duties for adjudication. Adjudication and valuation fees will be charged accordingly. Neither taxpayers nor agents are permitted to e-stamp such documents.
- Documents executed (signed) on or after 1 January 2009
  - If a document is signed relating to a transfer of property by way of a gift on or after 1 January 2009, then it is not required to submit such documents for adjudication. Instead the individual may e-stamp the document based on the market value of the property at the date of execution or signing of the document. An individual can stamp the document via the e-stamping system using the transfer of immovable property, land, stocks and shares by way of a gift module.

1.3 Real estate transfer tax

For residential properties acquired on or after 20 February 2010, there may be the Seller's Stamp Duty (SSD) payable upon the sale of a property that was transferred to a beneficiary at death. SSD is also due for any other form of sale or transfer of residential property outside of that transferred via inheritance.

For residential property transferred because of inheritance or right of survivorship in joint tenancy, the SSD will be payable if the property is disposed of within a year of the property being acquired by the deceased (if acquired by the deceased after 20 February 2010), within 3 years if acquired on or after 30 August 2010 or within 4 years if acquired on or after 14 January 2011.

The rate of the SSD in this scenario is applied to the market value of the residential property, as follows:

Between 20 February 2010 and 29 August 2010 (inclusive)

- Within 1 year:
  - 1% on the first S$180,000.
  - 2% on the next S$180,000.
  - 3% on the remainder.
- More than 1 year:
  - No SSD payable

Between 30 August 2010 and 13 January 2011 (inclusive)

- Within 1 year:
  - 1% on the first S$180,000.
  - 2% on the next S$180,000.
  - 3% on the remainder.
- More than 1 year and up to 2 years:
  - 0.67% on the first S$180,000.
  - 1.33% on the next S$180,000.
  - 2% on the remainder
- More than 2 years and up to 3 years:
  - 0.33% on the first S$180,000.
  - 0.67% on the next S$180,000.
  - 1% on the remainder.
- More than 3 years:
  - No SSD payable

On or after 14 January 2011

- Within 1 year:
  - 16%
- More than 1 year and up to 2 years:
  - 12%
- More than 2 years and up to 3 years:
  - 8%
- More than 3 years and up to 4 years:
  - 4%
- More than 4 years:
  - No SSD payable

On 11 January 2013, the Government announced that SSD will be imposed on industrial properties, which are bought or acquired on and after 12 January 2013 and sold or disposed of within 3 years. The SSD rates in these cases are as follows:

- Within 1 year:
  - 15% of the market value or price (whichever is higher)
- Within 2 years:
  - 10% of the market value or price (whichever is higher)
- Within 3 years:
  - 5% of the market value or price (whichever is higher)

For industrial properties acquired prior to 12 January 2013 no SSD will be levied.

There are various exemptions/reliefs that may be available in certain scenarios.

The SSD is generally payable within 14 days of signing the sales agreement or when it is executed overseas, SSD must be paid within 30 days of the receipt of the Contract or Agreement in Singapore.

Penalties of up to 400% may be imposed if under-reporting is discovered.

1.4 Endowment tax

There is no endowment tax in Singapore.

1.5 Transfer duty

There is no transfer duty in Singapore.

1.6 Net wealth tax

There is no net wealth tax in Singapore.

1.7 Estate income

The assets left behind by the deceased may continue to produce income after their death. Income derived during the period from one day after death until the end of the administration period (for deaths on or after 15 February 2008, the period of administration is taken as one day after the date of death to 31 December of the year in which the Grant of Representation is issued by the courts) is termed estate income.

When an estate is no longer under administration and there are more investments and assets left in the estate, these will be held in trust for the beneficiaries. Income derived from assets belonging to the trust is covered in Section 7.

Examples of estate and trust income are:

- Rental income.
- Interest income.
- Share of profit from partnership (tax at trustee level is final).
- Profit from sole-proprietorship business (tax at trustee level is final).
- Dividends from shares declared after death (excluding exempt or one-tier dividends).
- Director's fee and non-contractual bonuses declared after death.
- Income distributions from unit trusts and real estate investment trusts (REITs).
- Gains from share options exercised after death.
- Royalties.
- Other gains or profits of an income nature.

For joint bank accounts, upon the death of a joint account holder, the balance in the account will go to the surviving joint account holder(s), as the account lapses to the survivor(s). In this case, any interest income earned after the date of death is not the income of the estate and hence shall not be taxable under this provision.

In the case of properties held under joint tenancy, the surviving owner is required to declare the full share of income for the period after the death of the first owner from such properties in their personal income tax returns. For properties held under tenancy-in-common, the deceased's share of income should be declared in the estate's return.

The Income Tax Act 2007 enables beneficiaries, who are residents of Singapore and entitled to trust income, to be accorded the concessions, exemptions and foreign tax credits as if the beneficiaries had received the trust income directly. In other words, it is deemed to have retained the nature of the underlying trust income. No tax will be imposed at the trustee level, except in the case of income from a trade or business, in which case it is subject to a final tax at the trustee level and distributions are then considered nontaxable capital.

<table>
<tr><th rowspan="3">Trustee derives trade or business income</th><th colspan="3">Trustee derives income other than trade or business income</th></tr>
<tr><th colspan="2">Beneficiaries are entitled to trust income</th><th rowspan="2">Beneficiaries are not entitled to trust income</th></tr>
<tr><th>Resident beneficiaries</th><th>Nonresident beneficiaries</th></tr>
<tr><td>No tax transparency.

Tax at the trustee level is final.

Trustee is to be treated as a body of persons for purposes of tax and claim for relief, concessions and exemptions.

Distributions received by beneficiaries are capital.</td><td>Tax transparency will be accorded. Hence, tax will not be applied at trustee level.

Beneficiaries are entitled to trust income. Hence, distributions are deemed to have retained the nature of the underlying trust income for the purpose of claiming concessions, exemptions and foreign tax credits.</td><td colspan="2">Tax transparency will not be accorded. Tax at trustee level is final.

Trustee is to be treated as a body of persons for purposes of tax and claim for relief, concessions and exemptions.

Distributions received by beneficiaries are capital.</td></tr>
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To the extent that tax is due at the trust/estate level, the statutory income of a legal personal representative (LPR) (administrator or executor) is subject to income tax at the following flat rates.

Years of assessment 2005–2007	20%
From year of assessment 2008	18%
From year of assessment 2010	17%

Example: Resident beneficiary who is entitled to trust/estate income, which is derived from income other than trade or business.

Estate income in 2010	S$5,000
Distributions in 2011	S$4,000
Chargeable to LPR at 17% flat rate	S$1,000

The beneficiary will be assessed on the income distributed to them (S$4,000) at their personal tax rate in year of assessment (YA) 2012.

Income tax return (Form T) is meant for the administrator, executor or trustee to declare the income that accrues:

- One day after the date of death from assets left behind by a deceased person; or
- From assets held under a private trust or settlement.

All income accruing should be reported on Form T regardless of whether it has been distributed to beneficiaries. The following persons (including nonresidents) should submit Form T:

- Legal personal representatives (administrator or executor) of an estate of a deceased or trustee of an estate held in trust.
- Trustee of a private trust or settlement.

Form T is required to be completed each year until the income derived by the executor or trustee has ceased.

Beneficiaries also need to declare their share of the income in their annual tax returns (Form B1) under other income.

2. Who is liable?

2.1 Residency

Residency does not impact stamp duty or SSD. As outlined above, in the case of estate income/trusts the following applies:

- Nonresident beneficiaries

  Tax on nonresident beneficiaries' income distribution will be paid by the personal representative of the estate at the trustee's flat tax rates.

- Resident beneficiaries

  In certain circumstances, income received by the beneficiary may be subject to their personal tax rates. Income distributions are taxable on the beneficiary in the year he or she receives it and not the year the income is accrued to the personal representative.

2.2 Domicile

This is not applicable in Singapore.

3. Rates

Rates vary depending on whether the tax is levied at the individual level or trustee or estate level. The specific rates are detailed under each relevant section accordingly.

In cases where tax is levied on the individual beneficiary, the current personal income tax rates for YA 2013 are as follows:

Resident

Singapore income tax rates for individual tax residents Year of assessment 2013 (i.e., 2012 calendar year)			
	Chargeable income (S$)	**Tax rate (%)**	**Tax payable (S$)**
On the 1st On the next	S$20,000 S$10,000	0 2	S$0 S$200
On the 1st On the next	S$30,000 S$10,000	 3.5	S$200 S$350
On the 1st On the next	S$40,000 S$40,000	 7	S$550 S$2,800
On the 1st On the next On the next	S$80,000 S$40,000 S$40,000	11.5 15	S$3,350 S$4,600 S$6,000
On the 1st On the next On the next	S$160,000 S$40,000 S$120,000	17 18	S$13,950 S$6,800 S$21,600
On the 1st Above	S$320,000 S$320,000	 20	S$42,350

In addition, resident individuals may be eligible to claim certain personal reliefs (e.g., spouse relief, qualifying child relief).

Nonresident

- Higher of resident rates or a flat rate of 15%.
- No personal tax reliefs are available.

4. Exemptions and reliefs

This is not applicable in Singapore.

5. Filing procedures

This is outlined in each of the respective sections.

6. Assessments and valuations

This is outlined in each of the respective sections.

7. Trusts, foundations and private purpose funds

Trust income is taxed in the same way as estate income as outlined above. If final tax is payable at the trustee level, the rates are as follows:

Years of assessment 2005–2007	20%
From year of assessment 2008	18%
From year of assessment 2010	17%

However, as outlined above, where a beneficiary is a resident of Singapore and entitled to certain trust income, they may be taxed on this income at their personal tax rates instead. The income will also be treated as if they had received it directly (i.e., rather than being regarded as trust income, it will now be considered to have arisen from the same income source as the underlying trust income).

It is important to note that this treatment does not apply to trade or business income carried on by the trustees and this income is subject to final tax at the trustee level. Distributions then made from this income are considered as capital in nature and will not be subject to any further tax in the hands of the beneficiaries. The same treatment also applies to beneficiaries who are not entitled to the trust income and to which nonresident beneficiaries are entitled.

Income tax return Form T is meant for the administrator, executor or trustee to declare the income that accrues:

- One day after the date of death from assets left behind by a deceased person.

  Or
- From assets held under a private trust or settlement.

All income accruing should be reported on Form T regardless of whether it has been distributed to beneficiaries.

The following persons (including nonresidents) should submit the Form T:

- Legal personal representatives (administrator or executor) of an estate of a deceased or trustee of an estate held in trust.
- Trustee of a private trust or settlement.

Form T is required to be completed each year until the income derived by the executor or trustee has ceased.

Beneficiaries also need to declare their share of the income in their annual tax returns (Form B1) under other income.

8. Grants

This is not applicable in Singapore.

9. Life insurance

Life insurance payouts are not taxable since estate tax has been abolished.

10. Civil law on succession

10.1 Estate planning

This is not applicable in Singapore.

10.2 Succession

See Section 10.5.

10.3 Forced heirship

As Singapore recognizes Sharia law, forced heirships are recognized in these cases.

10.4 Matrimonial regimes and civil partnerships

Same-sex, civil partnerships are not recognized in Singapore.

Sharia law is recognized in Singapore, and therefore certain polygamous marriages are taken into account in the relevant intestacy acts.

10.5 Intestacy

If a person dies intestate with possessed property in Singapore, the property or the proceeds thereof (after payment of expenses due on administration) shall be distributed among persons entitled to succeed them beneficially, as follows:

- If an intestate dies leaving a surviving spouse, no issue and no parent, the spouse shall be entitled to the whole of the estate.
- If an intestate dies leaving a surviving spouse and issue, the spouse shall be entitled to one-half of the estate.
- Subject to the rights of the surviving spouse, if any, the estate (both as to the undistributed portion and the reversionary interest) of an intestate who leaves children shall be distributed by equal portions per stirpes to and among the children of the person dying intestate and such persons who legally represent those children, in case any of those children are dead.

  Proviso No. 1 — The persons who legally represent the children of an intestate are their descendants and not their next of kin.

  Proviso No. 2 — Descendants of the intestate to the remotest degree who stand in the place of their parent or other ancestor take, according to their stocks, the share that he or she would have taken.
- If an intestate dies leaving a surviving spouse and no children but a parent or parents, the spouse shall be entitled to one-half of the estate and the parent or parents to the other half of the estate.
- If there are no descendants, the parent or parents of the intestate shall take the estate, in equal portions if there are 2 parents, subject to the rights of the surviving spouse (if any) as provided in rule 4.
- If there are no surviving spouse, descendants or parents, the brothers and sisters and children of deceased brothers or sisters of the intestate shall share the estate in equal portions between the brothers and sisters, and the children of any deceased brother or sister shall take, according to their stocks, the share that he or she would have taken.

- If there are no surviving spouse, descendants, parents, brothers and sisters, or children of such brothers and sisters but grandparents of the intestate, the grandparents shall take the whole of the estate in equal portions.
- If there are no surviving spouse, descendants, parents, brothers and sisters, or their children or grandparents but uncles and aunts of the intestate, the uncles and aunts shall take the whole of the estate in equal portions.
- In default of distribution under the foregoing rules, the government shall be entitled to the whole of the estate.

10.6 Probate

This is not applicable in Singapore.

11. Estate tax treaties

As estate tax has been abolished in Singapore, double taxation treaties do not cover this tax.

Contacts

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