

Singapore

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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 on and 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 four 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 one child, then the excess transfer (75%) will be subject to full duty.

Documents are required to be stamped within:

- ▶ 14 days after the document has been first executed in Singapore
- ▶ 30 days after it has been first received in Singapore if the document was first executed overseas

A penalty of up to four times may be imposed if the documents are stamped late or stamped 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 and shares, the stamp duty will be computed based on the amount or value of the consideration.

With effect from 22 February 2014, the stamp duty rates are as follows:

- ▶ 1% on first S\$180,000
- ▶ 2% for the next S\$180,000
- ▶ 3% for the remainder

For transfers involving shares, the stamp duty rate is 0.2% on the amount or value of the consideration.

A document can be presented for stamping at any time before the 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 four 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 three years if acquired on or after 30 August 2010 or within four years if acquired on or after 14 January 2011.



Residential property acquired between 20 February 2010 and 29 August 2010 (inclusive)

- Residential property acquired between 30 August 2010 and 13 January 2011 (inclusive)

- Residential property acquired on or after 14 January 2011

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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 three years. The SSD rates in these cases are as follows:

- ▶ Within one year:
 - ▶ 15% of the amount of consideration or value (whichever is applicable)
- ▶ Within two years:
 - ▶ 10% of the amount of consideration or value (whichever is applicable)
- ▶ Within three years:
 - ▶ 5% of the amount of consideration or value (whichever is applicable)

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 underreporting 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 his or her 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)



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

Estate income in 2014	S\$5,000
Distributions in 2015	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) 2016.

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/trusts income 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.

Resident

Singapore income tax rates for individual tax residents Year of assessment 2017 (i.e., 2016 calendar year)			
	Chargeable income (S\$)	Tax rate (%)	Tax payable (S\$)
On the 1st	S\$20,000	0	S\$0
On the next	S\$10,000	2	S\$200
On the 1st	S\$30,000		S\$200
On the next	S\$10,000	3.5	S\$350
On the 1st	S\$40,000		S\$550
On the next	S\$40,000	7	S\$2,800
On the 1st	S\$80,000		S\$3,350
On the next	S\$40,000	11.5	S\$4,600
On the next	S\$40,000	15	S\$6,000
On the 1st	S\$160,000		S\$13,950
On the next	S\$40,000	18	S\$7,200
On the next	S\$40,000	19	S\$7,600
On the 1st	S\$240,000		S\$28,750
On the next	S\$40,000	19.5	S\$7,800
On the next	S\$40,000	20	S\$8,000
On the 1st	S\$320,000		
Above	S\$320,000	22	S\$44,550



8. Grants

This is not applicable in Singapore.

9. Life insurance

Personal life insurance payouts are not taxable as 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 Syariah law, forced heirships are recognized in these cases.

10.4 Matrimonial regimes and civil partnerships

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

Syariah 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 and take, according to their stocks, the share that he or she would have taken.
 A child is defined as a legitimate child and includes children who have been adopted by virtue of an order of court in Singapore, Malaysia or Brunei.
- ▶ 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 two parents, subject to the rights of the surviving spouse (if any) as provided in the rule above.
- ▶ 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 the deceased's brother or sister 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

Where there is a will, the estate vests in the executor and he has the authority to conduct the deceased's affairs the moment the deceased dies. He is empowered to pass proper title to the assets of the deceased that are sold and any action he may undertake on behalf of the deceased would be held valid. The executor would, however, normally apply to court for a grant of probate, as any third parties dealing with him/her will usually require such a grant before they enter into any transactions with the latter. In intestacies, the administrator's authority stems from the grant of letters of administration, and until the grant is obtained the administrator has no authority to act on behalf of the estate.

11. Estate tax treaties

Estate tax has been abolished in Singapore.