

ANNEX B-4: DEFERMENT OF INCOME TAX PAYMENTS FOR COMPANIES AND SELF-EMPLOYED PERSONS

To ease cash flow of companies and self-employed persons, the Government will grant an automatic three-month deferment of their income tax payments. No application is required.

This interim cash flow support complements the other measures announced in the Unity Budget on 18 February 2020, and the Resilience Budget on 26 March 2020, which will be implemented progressively throughout the year.

(I) Deferment of Corporate Income Tax (CIT) Payments

All companies with CIT payments due in the months of April, May, and June 2020 will be granted an automatic three-month deferment of these payments. The CIT payments deferred from April, May, and June 2020 will instead be collected in July, August, and September 2020 respectively.

Example¹

Company A's financial year-end is in December. It e-Filed its Estimated Chargeable Income (ECI) for Year of Assessment (YA) 2020 on 15 January 2020. The tax payable, based on the ECI filed, is \$12,000. Company A has a GIRO instalment arrangement with IRAS for the payment of CIT.

Currently, given that Company A filed its ECI within one month from the end date of its financial year-end², it will enjoy 10 months of instalments, i.e. it will pay \$1,200 of CIT per month over the period February 2020 to November 2020.

For this year, Company A will also enjoy the following benefits as announced in the Unity Budget on 18 February 2020:

- a) Companies that are on GIRO and filed their ECI on time will automatically qualify for an additional two months of interest-free instalment. In this case, as Company A had filed its ECI within one month from its financial year-end, it will enjoy 12 (10 + 2) months of instalments, i.e. it may pay its CIT over the period from February 2020 to January 2021.
- b) In addition, for YA2020, companies are granted a CIT rebate of 25% of the CIT payable, subject to a cap of \$15,000. This CIT rebate reduces Company A's tax payable for YA2020 to \$9,000. As Company A is paying its CIT by instalment, IRAS will adjust the remaining instalment amounts for Company A from April 2020 onwards.

¹ Calculations in examples are simplified for easy reference.

² Companies have to e-File their ECI by 26th of the first three months after their financial year-end in order to enjoy the maximum number of instalments allowable for each of these months.

With these two measures announced on 18 February 2020, the instalment plan for Company A is as follows:

	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021
Prior to Unity Budget announcement	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200		
With changes announced in Unity Budget	\$1,200	\$1,200	\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660

As announced in the Resilience Budget on 26 March 2020, companies with CIT payments due in the months of April, May, and June 2020 will be granted an automatic three-month deferment of these payments. In this case, IRAS will not make GIRO deductions for Company A in the months of April, May, and June 2020. The deferred CIT payments will instead be collected in July, August, and September 2020 respectively.

Company A's revised instalment plan for YA2020 is as follows:

	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Prior to Unity Budget announcement	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200					
With changes announced in Unity Budget	\$1,200	\$1,200	\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660					
With changes announced in Resilience Budget	\$1,200	\$1,200				\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660	\$660

The 3-month deferment eases Company A's cash flow needs for April, May, and June 2020.

(II) Deferment of Personal Income Tax (PIT) Payments for Self-Employed Persons (SEPs)

All SEPs are to file their personal income tax (PIT) returns for YA2020 by 18 April 2020. SEPs will be granted an automatic three-month deferment of their PIT payments due in the months of May, June, and July 2020. The PIT payments deferred from May, June, and July 2020 will instead be collected in August, September, and October 2020 respectively.

Example

Self-employed Person B files his PIT return for YA2020, by 18 April 2020. Assume that Person B's PIT payable for YA2020 based on his tax return is \$1,200, and that Person B has an existing GIRO instalment arrangement with IRAS. His PIT is currently payable in 12 months of equal instalments i.e. \$100 per instalment, from May 2020 to April 2021.

As announced in the Resilience Budget on 26 March 2020, SEPs with PIT payments due in the months of May, June, and July 2020 will be granted an automatic three-month deferment of these payments. In this case, IRAS will not make GIRO deductions for Person B in the months of May, June, and July 2020.

Person B's instalment plan for YA 2020, with the deferment, is as follows:

	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021
Prior to Resilience Budget announcement	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100			
With changes announced in Resilience Budget				\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100

The deferment eases Person B's cash flow needs for May, June and July 2020.

MORE INFORMATION

Employees who need help with their income tax payments may approach IRAS for deferment of their tax payment.

For more information, please visit the IRAS website at <http://www.iras.gov.sg>.