

ANNEX C-2: TAX CHANGES

(I) Tax Changes for Businesses

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
Maintaining the Competitiveness and Resilience of the Tax System			
1.	Study the introduction of the Minimum Effective Tax Rate (“METR”) Regime	Nil	<p>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”.</p> <p>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.</p> <p>IRAS will study the METR further and consult industry stakeholders on the design of the METR.</p>

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			MOF will continue to closely monitor international developments before making any decisions on the METR.
2.	Extend the broad-based withholding tax (“WHT”) exemption for container lease payments made to non-tax-resident lessors under operating lease (“OL”) agreements	<p>WHT exemption is allowed on container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under OL agreements for the use of qualifying containers for the carriage of goods by sea.</p> <p>This exemption is scheduled to lapse after 31 December 2022.</p>	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.
3.	Extend the broad-based WHT exemption for ship and container lease payments under finance lease (“FL”) agreements for Maritime Sector Incentive (“MSI”) recipients	<p>WHT exemption is allowed on ship and container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under FL agreements for specified MSI recipients.</p> <p>This exemption is scheduled to lapse after 31 December 2023.</p>	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.
4.	Extend the Aircraft Leasing Scheme (“ALS”)	<p>Under the ALS, approved aircraft lessors and aircraft investment managers can enjoy the following tax benefits:</p> <ul style="list-style-type: none"> a) Approved aircraft lessors enjoy a concessionary tax rate of 8% on income 	To continue encouraging the growth of the aircraft leasing sector in Singapore, the ALS will be extended till 31 December 2027.

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		<p>derived from the leasing of aircraft or aircraft engines and qualifying ancillary activities under section 43N of the Income Tax Act (“ITA”);</p> <p>b) Approved aircraft managers enjoy a concessionary tax rate of 10% on income derived from managing the approved aircraft lessor and qualifying activities under section 43O of the ITA; and</p> <p>c) Automatic WHT exemption is granted on qualifying payments made by approved aircraft lessors to non-tax-residents (excluding a permanent establishment in Singapore) in respect of qualifying loans and finance leases entered into on or before 31 December 2022 to finance the purchase of aircraft or aircraft engines, subject to conditions.</p> <p>The ALS is scheduled to lapse after 31 December 2022.</p>	
5.	Extend and enhance the Approved Royalties Incentive (“ARI”)	<p>The ARI was introduced to encourage companies to access cutting-edge technology and know-how for substantive activities in Singapore.</p> <p>Under the scheme, tax exemption or a concessionary WHT rate may be granted on approved royalties, technical assistance fees, or contributions to research and development costs</p>	<p>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.</p> <p>The ARI will also be simplified to cover classes of royalty agreements based on an activity-set-</p>

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		<p>made to a non-tax-resident for providing cutting-edge technology and know-how to a company for the purpose of its substantive activities in Singapore. Approval for ARI is currently granted on an agreement-based approach.</p> <p>The ARI is scheduled to lapse after 31 December 2023.</p>	based approach. EDB will provide further details of the changes by 30 June 2022.
6.	Extend the Approved Foreign Loan (“AFL”) scheme	<p>The AFL scheme was introduced to encourage companies to invest in productive equipment for the purpose of conducting substantive activities in Singapore. Under the scheme, tax exemption or a concessionary WHT rate may be granted on interest payments made to a non-tax-resident for loans to a company to purchase productive equipment.</p> <p>The AFL scheme is scheduled to lapse after 31 December 2023.</p>	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.
7.	Extend the Tax Framework for Facilitating Corporate Amalgamations under section 34C of the ITA to Licensed Insurer	The tax framework under section 34C of the ITA treats qualifying corporate amalgamations as a continuation of the existing businesses of the amalgamating companies by the amalgamated company for tax purposes. The tax framework minimises the tax consequences	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

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.

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		<p>arising from a qualifying corporate amalgamation.</p> <p>A qualifying corporate amalgamation under section 34C of the ITA comprises amalgamation of companies:</p> <ul style="list-style-type: none"> a) where the notice of amalgamation under section 215F of the Companies Act 1967 (“CA”) or a certificate of approval under section 14A of the Banking Act 1970 is issued on or after 22 January 2009; or b) that is court-directed under the CA or any other amalgamation of companies, provided the amalgamation has a similar effect as that of a statutory voluntary amalgamation under section 215B to 215G of the CA. Such amalgamation of companies is subject to the approval of the Minister for Finance, or such person as he may appoint. 	<p>under section 117 of the Insurance Act 1966 (“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.</p> <p>The extension of the framework is subject to conditions, which include the following:</p> <ul style="list-style-type: none"> a) The amalgamated company takes over all property, rights, privileges, liabilities, and obligations, etc. of the amalgamating company on the date of amalgamation; <u>and</u> 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; <u>and</u> 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. <p>The tax treatments under the tax framework will apply with modifications where appropriate.</p>

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			IRAS will provide further details of the changes by 31 October 2022.
8.	Enhance the Tax Incentive Scheme for Funds Managed by Singapore-based Fund Manager (“Qualifying Funds”)	<p>Qualifying Funds, comprising basic tier funds (sections 13D and 13O schemes) and enhanced tier funds (section 13U scheme), are granted tax exemption on specified income (“SI”) derived from designated investments (“DI”), subject to conditions.</p> <p>The DI currently includes physical commodities that are subject to the following conditions:</p> <ul style="list-style-type: none"> a) The trading of the physical commodity must be incidental to the trading of the derivative commodity (“incidental condition”); and b) The trade volume of such physical commodity is capped at 15% of the total trade volume of those physical commodities and related commodity derivatives (“the cap”). 	<p>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:</p> <ul style="list-style-type: none"> 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. <p>MAS will provide further details of the changes by 31 May 2022.</p>
9.	Extend and rationalise the WHT exemption for the financial sector	<p>Interest payments made by a tax resident or permanent establishment in Singapore to non-tax-residents are subject to WHT at a rate of 15% in general.</p> <p>There is a range of WHT exemptions for the financial sector which applies to different financial institutions for payments made under different types of financial transactions.</p>	<p>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.</p> <p>To rationalise the WHT exemption for the financial sector, the WHT exemption for payment e) will be allowed to lapse after 31</p>

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		<p>WHT exemption for the following payments are scheduled to lapse after 31 December 2022:</p> <ul style="list-style-type: none"> 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. 	<p>December 2022. Such payments can be covered under the existing WHT exemption for payments on over-the-counter financial derivatives.</p> <p>MAS will provide any consequential details by 31 May 2022.</p>
10.	Extend and Rationalise the Tax Incentives for Project and Infrastructure Finance	<p>The package of tax incentive schemes for Project and Infrastructure Finance includes:</p> <ul style="list-style-type: none"> a) Exemption of qualifying income from qualifying project debt securities (“QPDS”); b) Exemption of qualifying foreign-sourced income from qualifying offshore infrastructure projects/assets 	<p>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.</p> <p>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</p>

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		<p>received by approved entities listed on the Singapore Exchange (“SGX”); and</p> <p>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”).</p> <p>The schemes are scheduled to lapse after 31 December 2022.</p>	<p>2022. Existing ITMFM scheme recipients will continue to enjoy the tax benefits for the remaining tenure of their existing awards.</p> <p>MAS will provide any consequential details by 31 May 2022.</p>
11.	Update the GST treatment for travel arranging services ²	<p>Currently, the GST treatment of the following travel arranging services provided by local suppliers is as follows:</p> <ul style="list-style-type: none"> a) Services comprising the arranging of international transport of passengers and the arranging of insurance related to such transportation are zero-rated; and b) Services comprising the arranging of accommodation are standard-rated if the property is located in Singapore, and zero-rated if the property is located outside Singapore. 	<p>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:</p> <ul style="list-style-type: none"> 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

² Travel arranging services refer to services comprising the arranging of international transport of passengers and the arranging of insurance related to such transportation; and services comprising the arranging of accommodation. The change will not affect the GST treatment of the supply of the underlying travel product such as international air tickets, hotel accommodation and travel insurance.

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			<p>beneficiary either belongs outside Singapore or is GST-registered in Singapore, the travel arranging service will be zero-rated.</p> <p>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.</p> <p>This change will take effect from 1 January 2023. IRAS will provide further details on the changes by 31 July 2022.</p>
12.	Change the basis of preparation of tax computations for insurers from financial statements (“FS”) to MAS Statutory Returns	Insurers generally rely on FS prepared in accordance with the accounting standards as the basis for preparing their tax computations. The insurance returns filed with MAS for regulatory purposes (“MAS Statutory Returns”) are also currently used to allow insurers to apply tax rules applicable to insurers.	<p>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.</p> <p>This change is in view of the following:</p> <ul style="list-style-type: none"> 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.

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			<p>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.</p> <p>This change will take effect from YA2024 (or YA2025 for insurers whose financial year end is not 31 December).</p> <p>IRAS will provide further details of the changes by 30 September 2022.</p>
13.	Allow the Integrated Investment Allowance (“IIA”) scheme to lapse after 31 December 2022	<p>The IIA scheme grants a qualifying company an additional allowance³ on fixed capital expenditure incurred for qualifying productive equipment placed overseas for approved projects.</p> <p>The IIA scheme is scheduled to lapse after 31 December 2022.</p>	<p>As part of our regular review of tax incentives including their relevance, the IIA scheme will be allowed to lapse after 31 December 2022.</p>
Enhancing Service Delivery			
14.	Facilitate disclosure of company-related information for official duties	<p>The confidentiality of information on taxpayers is provided for in sections 6 of the ITA and Goods & Services Tax Act (“GSTA”).</p> <p>Currently, IRAS can disclose information collected under the ITA to a public officer (or</p>	<p>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:</p>

³ The additional allowance is granted on top of capital allowances under our corporate tax regime.

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		<p>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 in administering any written law or public scheme, where taxpayers have provided consent.</p> <p>In the absence of taxpayers' consent, IRAS can only disclose information on taxpayers to public agencies where specific legislative exemptions have been provided (e.g. to the Department of Statistics).</p>	<ul style="list-style-type: none"> 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.

(II) Other Tax Changes

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Building a Fairer and More Resilient Tax System																																																		
1.	Increase the GST rate to meet increased recurrent spending needs.	The GST rate has been 7% since 1 July 2007.	<p>The GST rate will be increased in two steps:</p> <ul style="list-style-type: none"> a) From 7% to 8% with effect from 1 January 2023; and b) From 8% to 9% with effect from 1 January 2024. <p>Details of how the Government will support Singaporeans, especially lower- and middle-income households, are at Annex F2 and Annex F4.</p>																																															
2.	Enhance the progressivity of property tax for owner-occupied residential properties	<p>Since 1 January 2015, owner-occupied residential properties have been taxed at a concessionary progressive property tax rate schedule as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Annual Value</th> <th>Property Tax Rate for Owner-occupied Residential Properties</th> </tr> </thead> <tbody> <tr> <td>First \$8,000</td> <td>0%</td> </tr> <tr> <td>Next \$47,000</td> <td>4%</td> </tr> <tr> <td>Next \$15,000</td> <td>6%</td> </tr> <tr> <td>Next \$15,000</td> <td>8%</td> </tr> <tr> <td>Next \$15,000</td> <td>10%</td> </tr> <tr> <td>Next \$15,000</td> <td>12%</td> </tr> <tr> <td>Next \$15,000</td> <td>14%</td> </tr> <tr> <td>Above \$130,000</td> <td>16%</td> </tr> </tbody> </table>	Annual Value	Property Tax Rate for Owner-occupied Residential Properties	First \$8,000	0%	Next \$47,000	4%	Next \$15,000	6%	Next \$15,000	8%	Next \$15,000	10%	Next \$15,000	12%	Next \$15,000	14%	Above \$130,000	16%	<p>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.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <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> </thead> <tbody> <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> </tbody> </table>	Annual Value	Property Tax Rate for Owner-occupied Residential Properties		Effective 1 Jan 2023	Effective 1 Jan 2024	First \$8,000	0%	0%	Next \$22,000	4%	4%	Next \$10,000	5%	6%	Next \$15,000	7%	10%	Next \$15,000	10%	14%	Next \$15,000	14%	20%	Next \$15,000	18%	26%	Above \$100,000	23%	32%
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3.	Enhance the progressivity of property tax for non-owner-occupied (such as vacant, or let-out) residential properties	<p>Since 1 January 2015, non-owner-occupied residential properties have been taxed at a progressive property tax rate schedule as follows:</p> <table border="1"> <thead> <tr> <th>Annual Value</th> <th>Property Tax Rate for Non-owner-occupied Residential Properties</th> </tr> </thead> <tbody> <tr> <td>First \$30,000</td> <td>10%</td> </tr> <tr> <td>Next \$15,000</td> <td>12%</td> </tr> <tr> <td>Next \$15,000</td> <td>14%</td> </tr> <tr> <td>Next \$15,000</td> <td>16%</td> </tr> <tr> <td>Next \$15,000</td> <td>18%</td> </tr> <tr> <td>Above \$90,000</td> <td>20%</td> </tr> </tbody> </table>	Annual Value	Property Tax Rate for Non-owner-occupied Residential Properties	First \$30,000	10%	Next \$15,000	12%	Next \$15,000	14%	Next \$15,000	16%	Next \$15,000	18%	Above \$90,000	20%	<p>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.</p> <table border="1"> <thead> <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> </thead> <tbody> <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> </tbody> </table> <p>The final property tax rates of up to 36% will take effect for property tax payable from 1 January 2024. The impact of the changes is illustrated in Factsheet 1.</p>	Annual Value	Property Tax Rate for Non-owner-occupied Residential Properties		Effective 1 Jan 2023	Effective 1 Jan 2024	First \$30,000	11%	12%	Next \$15,000	16%	20%	Next \$15,000	21%	28%	Above \$60,000	27%	36%
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4.	Enhance the progressivity of personal income tax (“PIT”) of tax-resident individual taxpayers	<p>The current progressive PIT rate structure for tax-resident individual taxpayers is as follows:</p> <table border="1"> <thead> <tr> <th colspan="4">Current PIT Rates</th> </tr> <tr> <th></th> <th>Chargeable Income (\$)</th> <th>Tax Rate (%)</th> <th>Gross Tax Payable (\$)</th> </tr> </thead> </table>	Current PIT Rates					Chargeable Income (\$)	Tax Rate (%)	Gross Tax Payable (\$)	<p>The new PIT rate structure for tax-resident individual taxpayers, with effect from YA2024, is as follows:</p> <table border="1"> <thead> <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> </thead> </table>	New PIT rates with effect from YA2024					Chargeable Income (\$)	Tax Rate (%)	Gross Tax Payable (\$)															
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5.	Extend the WHT exemption for non-tax-resident mediators	Non-tax-resident professionals are subject to WHT tax at a rate of 15% on gross income from the profession; or they may elect to be taxed at 22% on net income. As a concession, income derived by non-tax-resident mediators from	The corresponding changes to the PIT rates for non-tax-resident individual taxpayers will be published on IRAS' website on 18 February 2022.																																																																																																																																																																																
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S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		<p>mediation work carried out in Singapore is exempt from tax, subject to conditions.</p> <p>This exemption is scheduled to lapse after 31 March 2022.</p>	<p>through a holistic suite of policies and initiatives.</p> <p>The WHT tax exemption will be extended till 31 March 2023.</p> <p>From 1 April 2023, 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. This concessionary WHT tax rate will apply till 31 December 2027.</p> <p>Non-tax-resident mediators may alternatively elect to be taxed at 24% on net income, from YA2024 onwards.</p>
6.	Extend the WHT tax exemption for non-tax-resident arbitrators	<p>Non-tax-resident professionals are subject to WHT tax at a rate of 15% on gross income from the profession; or they may elect to be taxed at 22% on net income. As a concession, income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore is exempt from tax, subject to conditions.</p> <p>This exemption is scheduled to lapse after 31 March 2022.</p>	<p>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.</p> <p>The WHT tax exemption will be extended till 31 March 2023.</p> <p>From 1 April 2023, gross income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore will be subject to</p>

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			<p>a concessionary WHT tax rate of 10%, subject to conditions. This concessionary WHT tax rate will apply till 31 December 2027.</p> <p>Non-tax-resident arbitrators may alternatively elect to be taxed at 24% on net income, from YA2024 onwards.</p>

(III) Tax Changes for Vehicles

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment																		
Building a Fairer and More Resilient Tax System																					
1.	Introduce new Additional Registration Fee (“ARF”) tier for cars	<p>The ARF is currently tiered based on the following rates:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Open Market Value (“OMV”)</th><th>ARF rate</th></tr> </thead> <tbody> <tr> <td>First \$20,000</td><td>100% of OMV</td></tr> <tr> <td>Next \$30,000</td><td>140% of OMV</td></tr> <tr> <td>In excess of \$50,000</td><td>180% of OMV</td></tr> </tbody> </table>	Open Market Value (“OMV”)	ARF rate	First \$20,000	100% of OMV	Next \$30,000	140% of OMV	In excess of \$50,000	180% of OMV	<p>To improve progressivity in the vehicle tax system, the portion of OMV in excess of \$80,000 for cars will be taxed at 220%.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>OMV</th><th>ARF rate</th></tr> </thead> <tbody> <tr> <td>First \$20,000</td><td>100% of OMV</td></tr> <tr> <td>Next \$30,000</td><td>140% of OMV</td></tr> <tr> <td>Next \$30,000</td><td>180% of OMV</td></tr> <tr> <td>In excess of \$80,000</td><td>220% of OMV</td></tr> </tbody> </table> <p>The new rates will apply to all cars, including imported used cars, and goods-cum-passenger vehicles registered with Certificates of Entitlement (“COEs”) obtained from the second COE bidding exercise in February 2022 onwards.</p> <p>For cars that do not need to bid for COEs (e.g. taxis, classic cars), the new rates will apply from 19 February 2022.</p> <p>Further details will be announced by the LTA.</p>	OMV	ARF rate	First \$20,000	100% of OMV	Next \$30,000	140% of OMV	Next \$30,000	180% of OMV	In excess of \$80,000	220% of OMV
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FACTSHEET 1: ENHANCE THE PROGRESSIVITY OF PROPERTY TAX FOR RESIDENTIAL PROPERTIES

A) Existing Property Tax (“PT”) Treatment

Owner-occupied residential properties

Since 1 January 2015, owner-occupied residential properties have been taxed at a concessionary progressive PT rate schedule as follows:

Annual Value	Property Tax Rate for Owner-occupied Residential Properties
First \$8,000	0%
Next \$47,000	4%
Next \$15,000	6%
Next \$15,000	8%
Next \$15,000	10%
Next \$15,000	12%
Next \$15,000	14%
Above \$130,000	16%

Prior to 1 January 2014, owner-occupied residential properties were taxed at progressive property tax rates of between 0% and 6%.

Non-owner-occupied residential properties

Since 1 January 2015, non-owner-occupied residential properties have been taxed at a progressive PT rate schedule as follows:

Annual Value	Property Tax Rate for Non-owner-occupied Residential Properties
First \$30,000	10%
Next \$15,000	12%
Next \$15,000	14%
Next \$15,000	16%
Next \$15,000	18%
Above \$90,000	20%

Prior to 1 January 2014, non-owner-occupied properties were taxed at a flat rate of 10%.

B) New PT Treatment

Owner-occupied residential properties

The progressive PT rates for owner-occupied residential properties will be revised for the portion of annual values (“AVs”) in excess of \$30,000. This change will be phased in over two years as shown below, starting with PT payable in 2023.

Annual Value	Property Tax Rate for Owner-occupied Residential Properties	
	Effective 1 Jan 2023	Effective 1 Jan 2024
First \$8,000	0%	0%
Next \$22,000	4%	4%
Next \$10,000	5%	6%
Next \$15,000	7%	10%
Next \$15,000	10%	14%
Next \$15,000	14%	20%
Next \$15,000	18%	26%
Above \$100,000	23%	32%

The final tax rates of up to 32% will take effect for PT payable from 2024.

This increase of PT rates for owner-occupied residential properties affects only residential properties with AVs of over \$30,000. This represents about the top 7% of all owner-occupied residential properties. The impact of the PT rate changes for owner-occupied residential properties is illustrated below.

Annual Value	Example of Type of Property	Owner-occupied Residential Properties			
		Property Tax Payable under Current Rates (A)	Property Tax Payable under New Rates		
			2023 (B)	2024 (C)	Final increase compared to current (C-A)
\$10,000	HDB flat	\$80			No change
\$30,000	Suburban condominium; Landed property	\$880			
\$40,000	Condominium in central location; Landed property	\$1,280	\$1,380	\$1,480	+\$200
\$70,000	Large landed property	\$2,780	\$3,930	\$5,080	+\$2,300
\$150,000	Very large landed property	\$12,580	\$20,230	\$27,980	+\$15,400

Non-owner-occupied residential properties

The progressive PT rates for non-owner-occupied residential properties will be revised. This change will be phased in over two years as shown below, starting with PT payable in 2023.

MINISTRY OF FINANCE

Annual Value	Property Tax Rate for Non-owner-occupied Residential Properties	
	Effective 1 Jan 2023	Effective 1 Jan 2024
First \$30,000	11%	12%
Next \$15,000	16%	20%
Next \$15,000	21%	28%
Above \$60,000	27%	36%

The final tax rates of up to 36% will take effect for PT payable from 2024.

This change will affect all non-owner-occupied residential properties. The impact of the PT rate changes for non-owner-occupied residential properties is illustrated below.

Annual Value	Example of Type of Property	Non-owner-occupied Residential Properties			
		Annual Property Tax Payable under Current Rates (A)	Annual Property Tax Payable under New Rates		
			2023 (B)	2024 (C)	Final increase compared to current (C-A)
\$10,000	HDB flat	\$1,000	\$1,100	\$1,200	+\$200
\$30,000	Suburban condominium; Landed property	\$3,000	\$3,300	\$3,600	+\$600
\$40,000	Condominium in central location; Landed property	\$4,200	\$4,900	\$5,600	+\$1,400
\$70,000	Large landed property	\$8,500	\$11,550	\$14,400	+\$5,900
\$150,000	Larger landed property	\$24,000	\$33,150	\$43,200	+\$19,200