# Go Paperless: e-File Corporate Income Tax Return!

INLAND REVENUE AUTHORITY OF SINGAPORE

**IRAS would like to remind all companies to file their tax return by 30 Nov 2015. If you e-File, you have till 15 Dec 2015!**
**All companies will need to file a tax return, even if there was no business done, so long as they have received the Form C-S or Form C package.**

***Did you know?***

For **two consecutive years** in YA 2013 and 2014, the **Real Estate** Sector had the highest on-time filing rate **– 9 out of 10 companies filed on time**!

***How did your sector do?***

In comparison, **8 out of 10 companies in Manufacturing Sector** filed on time in YA 2014.

**File now to improve your sector's YA 2015 on-time filing rate!**

**"I heard from many companies that they have benefitted from e-Filing their income tax returns for YA 2015. So what are these benefits?"**

IRAS has extended the convenience of e-Filing at **mytax.iras.gov.sg** to all companies for YA 2015, allowing those with annual revenue more than $1 million to e-File Form C for the first time. New!

With e-Filing, you will enjoy a range of benefits – auto-computation of certain fields, instant acknowledgement upon successful e-Filing and the due date for submitting YA 2015 Form C-S/C is **extended by 15 days**, from 30 Nov 2015 to **15 Dec 2015**.

**"Fantastic! How do I e-File Form C-S /C?"**

Form C-S is a simpler tax return designed for smaller companies; if your company qualifies for Form C-S, you do not have to submit the financial statements and tax computation with it.

Larger companies with annual revenue exceeding $1 million and those with more complex tax matters can also e-file their Form C, together with their financial statements and tax computations.

**Remember these important dates!**

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| e-Filing of Form C-S/ C **(Recommended!)** | Due by: 15 Dec 2015 |
| Filing Paper form C-S/ C | Due by: 30 Nov 2015 |

***Read on for more tips on how to save on your company's taxes!***

# TAX SAVING TIPS FOR NEWLY INCORPORATED COMPANIES!

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| 1. | **<u>Tax Exemption Scheme for New Start-Ups</u>**<br>Just started your new company? Qualifying new companies can enjoy full tax exemption on the first $100,000 of chargeable income, and a further 50 per cent exemption on the next $200,000 of chargeable income, for the first three Years of Assessments from date of incorporation.<br><br>This exemption will not be extended to investment holding companies and companies engaged in property development activities that are incorporated after 25 Feb 2013.<br><br>Instead, these companies will be given a partial tax exemption – 75% tax exemption on the first $10,000 of chargeable income and 50% tax exemption on the next $290,000 of chargeable income. |
| 2. | **<u>Expenses Incurred Prior to Commencement of Business</u>**<br>To provide relief to start-ups which may take a longer time to generate revenue, companies are allowed deduction for revenue expenses incurred one year prior to the first day of the accounting period that the company earns its first dollar of revenue. |

# TAX SAVING TIPS FOR ALL COMPANIES!

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| 1. | **Capital Allowances (CA)**<br>Capital allowances are deductions that companies can claim on the wear and tear of fixed assets bought and used in the trade or business.<br>They are given in place of depreciation and other capital expenditure, which are not deductible for income tax purposes. Examples of qualifying fixed assets include furniture and fixtures, electrical and electronic equipments, office equipment etc. |
| 2. | **Productivity and Innovation Credit (PIC) Scheme**<br>Companies can enjoy a 400% tax deduction or 60% cash payout (YA 2013 to 2018) for spending in the six qualifying activities:<br>• Purchase/ Lease of PIC IT and Automation Equipment;<br>• Training of Employees;<br>• Acquisition and In-licensing of Intellectual Property Rights;<br>• Registration of Patents, Trademarks, Designs and Plant Varieties;<br>• Research and Development Activities; and<br>• Design Projects Approved by DesignSingapore Council |

| Top Two Qualifying Activities Claimed For | Common Examples |
|---|---|
| Purchase/Leasing of PIC IT and Automation Equipment | Purchase of computer, office system software, computer numerical control cutting machine and self-climbing scaffold system |
| Training of Employees | External course fees for staff; Cost of staff's skills upgrading (e.g. internal Workforce Skills Qualification courses) |

# TAX SAVING TIPS FOR ALL COMPANIES !

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| 3. | Corporate Tax Rebate<br>Companies get a 30% tax rebate from YA 2013 to 2015, subject to a cap of $30,000 per YA. No application needed! |
| 4. | Renovation and Refurbishment (R&R) Costs<br>Qualifying expenses on R&R works such as general electrical installations, fixed partitions and so on are tax deductible. Deduction will be granted on a straight-line basis over three consecutive YAs, subject to an expenditure cap of $300,000 for every relevant three-year period from YA 2013. |
| 5. | Donations Enhanced in Budget 2015!<br>Companies can claim 250% tax deduction for approved donations.<br><br>In conjunction with SG50, the Government will grant tax deduction of 300% of the amount of approved donations made during the period 1 Jan 2015 to 31 Dec 2015. For approved donations made after this period (up to 31 Dec 2018), 250% tax deduction will be granted.<br><br>•Approved donations refer to donations made to an approved Institution of a Public Character (IPC) or to the Singapore Government which benefit the local community. |

# TAX SAVING TIPS FOR ALL COMPANIES !

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| 6. | Internationalisation Enhanced in Budget 2015!<br>Companies can claim double tax deduction for qualifying expenses incurred on qualifying market expansion and investment development activities, up to $100,000 without approval from IE Singapore or Singapore Tourism Board.<br><br>Examples of qualifying activities include participation in:<br>i) Overseas business development trips;<br>ii) Overseas trade fairs /missions;<br>iii) Approved local trade fairs; and<br>iv) Overseas investment study trips.<br><br>Examples of qualifying expenses include airfare, hotel accommodation and meals, overseas transportation, insurance and freighting of exhibits, stand rental/ construction/ design/ decoration.<br><br>Please refer to IE Singapore's website at http://www.iesingapore.gov.sg//Assistance/DTD for the conditions of claim. |

**More information can be found on IRAS' website**

**Need further assistance?** Attend a complimentary seminar by IRAS at 5th Floor Auditorium, Revenue House to learn more about the general tax obligations and common tax schemes. To register, go to www.iras.gov.sg (News & Events | Seminars & Events)

This case study illustrates how a company can benefit from the various tax schemes available for YA 2015.

**PIC scheme - Training**

- Spent $38,000 on external training for its employees.
- Received a training grant of $35,000
- Under the PIC scheme, an additional 300% on the training cost net of grant of $3,000 can be claimed as enhanced deduction.

**Renovation & Refurbishment Costs**

- Spent $45,000 to refit business premises.
- Total cost of $45,000 can be allowed as deductions over 3 years.

**Internationalisation**

- Participated in an overseas trade fair- Spent $50,000 on stand rental, stand design/decoration, stand construction, airfare for 2 staff, hotel accommodation & meals and overseas transportations.

**You can automatically claim 200% tax deduction on the first S$100,000 of eligible expenses for the qualifying activities per year of assessment. No prior approval from IE Singapore or STB is required.* ***Expenditure exceeding S$100,000 will still require IE's approval***

**• Capital Allowances (CA) and PIC Scheme (PIC Automation Equipment)**

- Spent $18,000 on a motorcycle and $5,000 on laptops.
- CA can be claimed on the cost of motorcycle over a period of three years and on the laptops' cost in one year.
- Under the PIC scheme, the laptops are PIC automation equipment. Additional allowance of 300% can be claimed on the laptop cost of $5,000

**Depreciation on R&R Costs & other fixed assets**

- Depreciation charged to the profit & loss accounts amounted to $20,000. This is not tax deductible.

# CASE STUDY

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| Net profit before tax | 280,000 |
| Add: Depreciation | 20,000 |
| | 300,000 |
| Less: Further deduction for overseas trade fair | (50,000) |
| Renovation and refurbishment- S14Q [$45,000 / 3 years] | (15,000) |
| Enhanced deduction for training costs [$3,000 x 300%] | (9,000) |
| Adjusted profit | 226,000 |
| Less: Capital allowances re: motorcycle [$18,000 / 3 years] | (6,000) |
| Base & enhanced capital allowances re: laptops [$5,000 x 400%] | (20,000) |
| Chargeable income (before exempt amount) | 200,000 |
| Less: Partial tax exemption | |
| 1st $10,000 @ 75% | (7,500) |
| Next $190,000 @ 50% | (95,000) |
| Chargeable income (after exempt amount) | 97,500 |
| Tax payable @ 17% | 16,575.00 |
| Less: CIT Rebate @30% (capped at $30,000) * | (4,972.50) |
| Net tax payable | $11,602.50 |

* The CIT rebate will be given to all companies. Companies need not apply for the CIT rebate as it will be automatically computed by IRAS