



Singapore CA Qualification (Foundation) Examination

10 December 2021

Singapore Taxation

INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is 3 hours 15 minutes.
2. This examination paper has **FOUR (4)** questions and comprises **TWENTY-SEVEN (27)** pages (including this instruction sheet, Appendix A and Appendix B). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is a restricted open book examination. You are allowed to have only the following materials with you at your exam location:
 - One A4-sized double-sided cheat sheet
 - One A4-sized double-sided blank scratch paper
4. During the examination, you are allowed to use your laptop and any calculators that comply with the SAC's regulations. Please note that watches, mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination.
5. During the examination, videos of you and your computer screen will be recorded for the purpose of ensuring examination integrity and you have consented to these recordings.
6. This examination paper and all video recordings of this exam are the property of the Singapore Accountancy Commission.

MODULE-SPECIFIC INSTRUCTIONS:

7. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.
8. All computations should be presented up to **TWO (2)** decimal places, unless otherwise stated.

IMPORTANT NOTICE:

If you are not feeling well, please do not press "Start Assessment". If you have started and leave during the exam, you would be deemed to have attempted the paper.

****VERY IMPORTANT NOTICE****

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1. Your question paper is attached under the "**Resource**" tab found at the bottom right of **EACH** question.

Other important information:

2. You will **only be allowed** to access the Excel function from your computer.
3. You are **NOT ALLOWED** to access any websites or reference materials (except for your A4 sized double sided cheat sheet) during the exam.
4. You are **NOT ALLOWED** to print the question paper.
5. **Please take note that your screen will be monitored throughout the examination. If you are found to have accessed unauthorised materials or websites, or if you cheat or attempt to cheat, you will be liable to severe disciplinary action.**

Should you encounter any issues during the exam, please call the following number:

+65 6100 0516

6. **You do not need to fill in an answer for this question.**

Question 1 – (a) and (b)

Chomar Reeds Pte Ltd ("CRPL") was incorporated in Singapore in November 1988, and its first set of accounts was prepared for the period ended 30 September 1989. It was in the business of manufacturing catheters. It was founded and wholly-owned by Mr Aayush Chomar until 30 November 2019. On 1 December 2019, Aayush Chomar completed the sale of 60% of his shareholdings in CRPL to Qureshi Pharmaceuticals Ltd ("QPL"), a company tax resident in Country R. Its shareholders are Jacob and Joe Qureshi (90%) and Aayush Chomar (10%). The Directors of CRPL continue to hold their meetings in Singapore.

As part of the sale and purchase agreement between Aayush Chomar and QPL, the manufacturing of catheters will be moved to Qureshi Manufacturers Ltd ("QML"), a company wholly-owned by QPL and tax resident in Country R. Thereafter, CRPL will provide management and technological support to QPL and its group of companies. Two (2) new contract manufacturing plants have been set up in China, and Europe and CRPL commenced providing similar support services to these new plants during the current financial year. The transfer of manufacturing activities to QML was completed in the financial year ended 30 September 2019.

For the year ended 30 September 2020, CRPL made a net accounting loss of \$175,000 on turnover of \$15,400,000. The loss was arrived at after taking into consideration the following income and expenses:

| Income | S\$ |
|--|------------|
| Dividend income from Digiscan Corporation ("DC"), a company tax resident in Country P which has a headline tax rate of 12%. The dividend income was used to settle the deposit for the purchase of computing equipment (see below) from a supplier in Country P. The equipment arrived in Singapore on 3 October 2020. There is no dividend withholding tax in Country P, and CRPL is not entitled to any underlying tax credit. | (97,500) |
| Gross rental income for the year from: <ul style="list-style-type: none">• Lease of 8,000 sq. feet of Singapore property. | (130,000) |

| | |
|---|-----------|
| <ul style="list-style-type: none"> Investment property in Country X. The rental income is deposited into a bank account in Country X which is used to settle expenses related to the property in Country X. The net rental income was subject to tax in Country X at the rate of 12% while Country X's headline tax rate is 15%. | (150,000) |
| Forfeiture of 2-month rental deposit from the tenant of the Singapore property. The tenant prematurely terminated its tenancy agreement as its business was severely affected by the Covid crisis. | (24,000) |
| Payout under the Job Support Scheme. | (402,500) |
| Government grant to defray the registration costs of an intellectual property right that CRPL had developed with regard to a piece of manufacturing equipment it has developed. | (55,000) |
| Special Employment Credit (SEC) as CRPL has employees who are 55 years old and above as well as employees who have disabilities. The SEC, introduced in Budget 2011, has been further extended to 31 December 2020. | (24,000) |
| Foreign exchange difference arising from: <ul style="list-style-type: none"> Gain on purchase of computing equipment from Country P – (\$15,000) Gain on revaluation of accounts receivables/payables – (\$8,000) Loss on revaluation of investment in DC – \$10,000 | (13,000) |

| Expenses | S\$ |
|--|------------|
| Depreciation | 58,000 |
| Property tax and maintenance expenses in respect of the following: <ul style="list-style-type: none"> Singapore property (previously used primarily for manufacturing), which comprise 80,000 sq. feet, of which 8,000 sq. feet is rented out and 20,000 sq. feet is currently idle. The remaining 52,000 sq. feet is being used as CRPL's corporate office. CRPL managed to get a replacement tenant for the | 275,000 |

| | |
|---|---|
| <p>8,000 sq. feet area but has been unsuccessful in renting out the 20,000 sq. feet idle space.</p> <ul style="list-style-type: none"> Investment property in Country X. | 53,000 |
| <p>Staff costs comprising:</p> <ul style="list-style-type: none"> Staff salaries, bonus and employer's CPF contribution Gratuity payments to staff who took early retirement Staff hospitalisation insurance premium Cash allowance for staff medical consultation <p>The company has not implemented any portable or transferable medical schemes.</p> | <p>9,800,000</p> <p>850,000</p> <p>38,000</p> <p>90,000</p> |
| <p>Contractual retrenchment payouts to excess administrative and support staff following the cessation of manufacturing activities in Singapore, and who cannot be re-deployed in the new corporate set-up in Singapore. The retrenchment of factory workers was completed in the financial year 2019.</p> | 450,000 |
| <p>Legal and professional fees relating to:</p> <ul style="list-style-type: none"> Intellectual property registration costs in Singapore, Country R and new manufacturing locations. Review of labour laws in Singapore due to staff retrenchment exercise. | <p>210,000</p> <p>8,500</p> |
| <p>Property agent fees in respect of replacement tenant.</p> | 20,000 |
| <p>Bad debt written off – outstanding rental from a former tenant who has gone bankrupt.</p> | 24,000 |
| <p>Interest expense on loans to finance</p> <ul style="list-style-type: none"> Purchase of 80,000 sq. feet Singapore property, of which 8,000 sq. feet is rented out, and 20,000 sq. feet is currently idle. Purchase of computing equipment | <p>300,000</p> <p>16,000</p> |

Note 1

The following capital expenditures (capitalised to the Balance Sheet) were incurred in the respective financial years:

| Item | Financial year | S\$ |
|--|-----------------------|------------------|
| Acquisition cost of an Intellectual Property Right ("IPR"), which CRPL will use in providing support services to QML and other contract manufacturers in the group. CRPL has opted for write-down over 5 years. | 2019 | 435,000 |
| Computing equipment acquired from Country P | 2020 | 205,000 |
| Non-structural renovation works on the following: <ul style="list-style-type: none">• Replacement of broken tiles, painting and general cleaning of the rental area in July 2020.• Re-configuration of office and staff recreation areas comprising of flooring and tiling works as well as new sanitary ware in October 2019. The company had carried out Section 14Q compliant renovation works in the financial year 2018 at a cost of \$204,000. There were no Section 14Q compliant costs incurred prior to year 2018. | 2020 | 24,000 87,000 |

Capital allowances have been fully claimed on all plant and machinery acquired in previous years apart from the assets listed above.

CRPL has projected that its business will turn around in the financial year 2021 with the 2 new overseas plants in China and Europe operating at full capacity then. It would like to claim maximum capital allowances and does not wish to defer its claim.

Note 2

CRPL has assessable income for the following Years of Assessment ("YA"):

- YA 2018 - \$70,000
- YA 2019 - \$160,000
- YA 2020 - \$240,000

**e-Exam
Question
Number**

Question 1 required:

2

- (a)** On the basis that CRPL may have unabsorbed capital allowances and trade loss arising in Year of Assessment (“YA”) 2021, **explain** if the aforesaid loss items can be carried back to prior years under the enhanced carry back provisions, **stating the amount** that can be carried back to the relevant YA. Your answer should **address the conditions to be met** and **whether the conditions are met or not**.

(10 marks)

3

- (b)** Calculate the minimum tax liability of CRPL for YA 2021. CRPL will opt for enhanced carry back of loss items, if applicable. Show all relevant workings/information in relation to the following:
- Special deductions under Sections 14A and 14Q of the Singapore Income Tax Act;
 - Capital allowances (including writing-down allowances for IPR); and
 - Identifying expenses relating to and deductible from taxable non-trade income.

Where carry back is claimed, ensure that the order of set-off is clearly shown.

(25 marks)

(Total: 35 marks)

Question 2 – (a) and (b)

Gayle Taylor (“Gayle”), 40 years old and an Australian citizen, moved to Singapore when her Singaporean husband, Samuel Ling, decided to take a more active role in the partnership business he had set up in Singapore with his friends 5 years ago. Gayle, who is currently working for T-Mobile Communications Ltd (“T-Mobile”) in Australia, signed on to a 2-year employment contract with the Singapore subsidiary of T-Mobile with the option of further extension. Gayle does not hold Singapore Permanent Resident status and her employment in Singapore is covered under a 2-year Employment Pass issued by the Singapore Ministry of Manpower. The couple and their twin children moved back to Singapore in August 2020.

Under the terms of her employment contract with the Singapore subsidiary, Sprint Singapore Pte Ltd (“SSPL”), which took effect from 1 September 2020, Gayle will be provided with the following remuneration and benefits:

- Salary @ \$25,000/month
- Relocation allowance of \$10,000 which Gayle used to defray the following expenses:
 - freight charges of \$5,400 to move their personal belongings to Singapore; and
 - \$5,000 for their hotel accommodation when the family first arrived in Singapore.
- Accommodation allowance of \$6,000/month.
- Contribution to Gayle’s Australian pension fund of \$4,000/month.
- SSPL will pay for the family’s monthly club subscriptions to the Singapore American Club of \$125/month.
- Reimbursement of monthly mobile phone charges. For the 4-month period till 31 December 2020, Gayle’s mobile phone charges totalled \$1,220 of which \$490 was for employment-related calls.
- Allowance of \$150/month for additional expenses incurred in view of the work-from-home directive.

Other information:

- Gayle incurred the following expenses during the 4-month period till 31 December 2020, which were not reimbursed by SSPL:
 - Entertainment expenses of \$100 for a client meeting at the Singapore American Club.
 - Gayle incurred \$150 for the internet connection charge when she signed up for fibre broadband for her sole use at home for business purposes. The monthly subscription fee is \$50/month commencing 1 September 2020.
 - Gayle purchased a printer for her sole use at home for business purposes. The printer costs \$350, and she incurred a further \$120 for ink cartridges.
- Gayle was awarded a performance bonus of \$140,000 for her work performance at T-Mobile, Australia. The bonus was credited into her bank account with DBS Singapore on 15 September 2020.
- Samuel's assessable income for YA 2021 is \$25,000, which is derived from his partnership business. He is 39 years old, and he was called up for reservist training in November 2020. Samuel was a key appointment holder with the Singapore Armed Forces.
- The couple has a pair of 8-year-old twins, both Singaporeans. Gayle has a 15-year-old son who is an Australian citizen, from a previous marriage. He remained in Australia to continue his studies.
- Gayle remits \$6,000 a month to her parents in Australia, of which \$2,000 is her contribution towards their living expenses and the remaining \$4,000 is for her son's education and living expenses. He is living with his grandparents, who look after him. Gayle's parents do not derive any income.
- The couple is currently living with Samuel's parents until they move into their own accommodation. The construction of the flat they had bought is scheduled to be completed in 2021. Gayle contributes \$2,000 towards the household expenses incurred by her in-laws. Her in-laws help to look after the twins when Gayle works from home and they do not derive any income.

- Gayle incurred \$15,000 on premiums on life insurance policies taken out on Samuel (\$5,000), the twins (\$2,000) and herself (\$8,000). The sum assured respectively are \$360,000, \$140,000 and \$500,000. The policies were bought from Prudential Assurance Co Singapore Pte Ltd.
- Gayle continues to work for SSPL in 2021 and has not prematurely terminated her employment contract.

**e-Exam
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Number**

Question 2 required:

4 **(a)** Explain if Gayle’s performance bonus of \$140,000 will be subject to Singapore income tax. **(4 marks)**

5 **(b)** Compute Gayle’s minimum tax payable for the YA 2021, maximising the claim for reliefs available to Gayle. All relevant reliefs available to Gayle should be considered and included in your answer. With respect to the following reliefs that may be considered for claim:

- i. Working Mother Child Relief (“WMCR”) – please provide your workings showing the rate of claim applied to each child; and
- ii. Parent Relief – clearly indicate for which parent or parent-in-law the claim is considered.

(21 marks)

(Total: 25 marks)

Question 3 – (a), (b) and (c)

Antoine and Jean Pte Ltd (“AJPL”) is a reputable interior decorating firm in Singapore and is a GST (*Goods and Services Tax*) - registered company that is entitled to full input tax credit. It has also **opted to apply a reverse charge** on all its imported services.

AJPL also designs furniture and homeware, which customers can view from their online catalogue. The following transactions were conducted in the quarter ended 31 August 2020, and **unless otherwise stated**, all purchases made in Singapore were from GST-registered suppliers, and all sales and purchases values stated are exclusive of GST.

- (i) Sales of furniture and homeware for the quarter comprises the following:
 - (i-1) Sales to overseas customers of \$84,000, where AJPL arranged for their overseas supplier to ship directly to the overseas customers.
 - (i-2) Sales of stocks kept in Singapore that were not used in their interior design projects. The stocks, originally priced at \$135,000, were sold at a 40% discount to customers in Singapore and GST inclusive.
 - (i-3) Sales to overseas customers of \$169,000, before 15% discount from stocks kept in Singapore. The goods were shipped to customers within a week of receiving the orders.

- (ii) Received an all-inclusive cash deposit of \$80,000 for interior design work to be carried out for Mr X, an individual belonging to Malaysia, in respect of his property located in Malaysia. Due to movement restrictions, all communications were carried out via email or Zoom meetings.

- (iii) Received an all-inclusive cash deposit of \$50,000 for interior design work to be carried out for Ms Xie, an individual belonging to Taiwan, in respect of her property located on Sentosa. Due to movement restrictions, all communications will be carried out via email or Zoom meetings.

- (iv) Raised final invoice for total contract sum of \$150,000, of which an all-inclusive cash deposit of \$60,000 was received previously and the GST thereon was

accounted for in the relevant quarter. The invoice is in respect of services provided to a customer belonging to Singapore on their Singapore property.

- (v)** Rental income of \$30,000 for the quarter from the lease of a furnished investment property used for residential purposes. The annual value of the property is \$90,000.
- (vi)** Exchange gain of \$3,000 from the settlement of accounts payable and exchange loss of \$2,400 from trade receivable settlements.
- (vii)** Paid \$67,410 (after GST) for new computers worth \$78,000 after trading in old computers for \$15,000.
- (viii)** Made quarterly payment of \$40,000 for the use of a design software developed by an overseas vendor which does not have any operations in Singapore. AJPL is allowed to make modifications to the software program when using the software in its interior design assignments.
- (ix)** Incurred staff medical expenses of \$600.
- (x)** Provided interior design services worth \$25,000 at no charge to a member of staff.

Question 3 required:

- (a) For each of the above transactions referred to by the Roman numeral code, and with reference only to the quarter ended 31 August 2020, provide your answer, rounded off to the nearest dollar, in the following format:

| | Others (state if OS, NS, BL or EXS for non- taxable supplies and purchases) | State <u>value</u> of supply made in the relevant column | | | Output GST | Value of taxable purchase | Input GST |
|-------|--|---|----|----|---------------|---------------------------------|--------------|
| | | SR | ZR | EX | | | |
| (i-1) | | | | | | | |

Note: You may copy this table into Excel to prepare your answers.

Where there is no taxable (i.e. standard-rated “SR” or zero-rated “ZR”) or exempt (i.e. EX) supply made or there is no input GST to be claimed, please state why under column marked “Others”, using the following abbreviations:

OS – Out-of-Scope

NS – No Supply

BL – Blocked

EXS – Incurred in the making of exempt supply

Using the abbreviations indicated in the legend and the following example transaction as a guide, this is how you should present your answer:

**e-Exam
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Transaction: **(xi)** Purchase from a non-GST registered supplier - \$300

| | Others | Value of supply made | | | Output GST | Value of taxable purchase | Input GST |
|------|--------|----------------------|----|----|------------|---------------------------|-----------|
| | | SR | ZR | EX | | | |
| (xi) | OS | | | | | \$0 | \$0 |

Legend for the example answer:

(xi) – Is the unique line number identifying the transaction in the case;

OS (out-of-scope) is the reason why there is no taxable purchase and input tax.

(16 marks)

7

(b) Complete the GST return as follows:

| | |
|---|--|
| Total value of SR supplies | |
| Total value of ZR supplies | |
| Total value of EX supplies | |
| Sub-Total | |
| Total value of Taxable Purchases | |
| Output Tax Due | |
| Input Tax and Refunds Claimed | |
| Net GST to be Paid to or Claimed from IRAS* | |

* Delete accordingly

(4 marks)

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8

Question 3 required:

- (c)** With reference to Section 12(7) of the Income Tax Act on income deemed to be derived from Singapore, explain if withholding tax is applicable to the software payment to the overseas vendor (refer to **transaction (viii)** mentioned in Question 3a above). All communications between AJPL and the overseas vendor were made via emails or Zoom meetings. The vendor is a tax resident in Country K, which does not have a tax treaty with Singapore.

(5 marks)

(Total: 25 marks)

Question 4 – (a) and (b)

Candace Liu (“Candace”) and Blossoms Pte Ltd (“Blossoms”) are partners in Windsor Gardens, a general partnership which provides landscape architectural services in Singapore. They have agreed to share the partnership profits and losses equally. The net accounting profit of the partnership for the year ended 31 January 2020 is \$21,000 after charging/crediting the following items:

Receipts

1. Interest income of \$24,000 received from UOB Bank, an approved bank in Singapore.
2. COE rebate of \$15,000 on scrapping of second-hand motor car, SGH 2252Z, during the year. The car was purchased in year 2016 at a cost of \$30,000.

Expenses

1. Loss from sale of gardening equipment of \$500. The equipment was bought in December 2017 at the cost of \$3,000 and sold for \$1,800. The partnership has always claimed maximum accelerated allowances and there were no other qualifying plant and machinery acquired during financial year 2018.
2. Reimbursement of Candace’s entertainment expenses of \$25,000, of which \$16,000 was in respect of business entertainment.
3. Cost of \$7,800 incurred by Candace in taking part in an approved horticultural trade fair in Singapore.
4. Candace is paid an annual salary of \$105,000.
5. Candace’s husband is the office manager, and his annual salary is \$72,000. The market rate for a similar position is \$66,000 per annum.
6. Depreciation of office equipment of \$25,000.
7. Interest payable of \$1,500 and \$8,000 to Candace and Blossoms respectively on their capital contribution.

8. Contribution of \$150,000 annually to Blossoms' staff welfare fund as per the Partnership Agreement.

During the year, the partnership purchased the following plant and machinery which were capitalised to the Balance Sheet:

- a. 2 sets of new gardening equipment, **each** costing \$5,250. One of these was to replace the equipment that was disposed of during the year (see 1 under Expenses). The partnership would like to elect the provisions of Section 21.
- b. Van costing \$105,000.

The partnership would like to continue with claiming **maximum** capital allowances on the **accelerated basis**. Capital allowances on plant and machinery purchased in previous years and which are still in use have been fully claimed.

**e-Exam
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Question 4 required:

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- (a)** Calculate the adjusted and divisible profits and capital allowances for Windsor Gardens for YA 2021.

(11 marks)

10

- (b)** Compute the statutory income of Blossoms Pte Ltd for YA 2021, taking into consideration the following information:

- Blossoms' adjusted profits and capital allowances for YA 2021 from its garden centre business are \$56,000 and \$14,000 respectively.

All items of income and donations, if any, allocated from Windsor Gardens as well as those stated above must be accounted for in your answer. Please show the net taxable income from the respective sources clearly.

(4 marks)

(Total: 15 marks)

END OF PAPER

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

Goods and Services Tax

Standard rate 7%

Compulsory Registration threshold

- taxable supplies exceeding \$1 million (either under the retrospective or prospective basis)
- imported services, within the scope of reverse charge, in excess of S\$1 million in a 12-month period (either under the retrospective or prospective basis) and importer of service is not entitled to full input tax credit when GST-registered.

Corporate Income Tax Rate

Year of Assessment 2021 17%

Computation of exempt income under Partial/Start-up Tax Exemption Scheme

Up to Year of Assessment 2019:

| <u>Partial Tax Exemption</u> | \$ |
|---|----------------|
| First \$10,000 of chargeable income is 75% exempt | 7,500 |
| Next \$290,000 of chargeable income is 50% exempt | <u>145,000</u> |
| Total | <u>152,500</u> |

Start-up Tax Exemption

| | |
|---|----------------|
| First \$100,000 of chargeable income is 100% exempt | 100,000 |
| Next \$200,000 of chargeable income is 50% exempt | <u>100,000</u> |
| Total | <u>200,000</u> |

Effective Year of Assessment 2020:

| <u>Partial Tax Exemption</u> | \$ |
|---|----------------|
| First \$10,000 of chargeable income is 75% exempt | 7,500 |
| Next \$190,000 of chargeable income is 50% exempt | <u>95,000</u> |
| Total | <u>102,500</u> |

Start-up Tax Exemption

| | |
|--|----------------|
| First \$100,000 of chargeable income is 75% exempt | 75,000 |
| Next \$100,000 of chargeable income is 50% exempt | <u>50,000</u> |
| Total | <u>125,000</u> |

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

The corporate tax rebate for the respective years are as follows:

YA 2016 – 50% capped at \$20,000;

YA 2017 – 50% capped at \$25,000;

YA 2018 – 40% capped at \$15,000;

YA 2019 – 20% capped at \$10,000; and

YA 2020 – 25% capped at \$15,000.

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

Personal Income Tax effective from Year of Assessment 2017 (Resident)

| Chargeable Income | Rate (%) | Gross Tax Payable (\$) |
|-------------------|----------|------------------------|
| First \$20,000 | 0 | 0 |
| Next \$10,000 | 2.0 | 200 |
| First \$30,000 | - | 200 |
| Next \$10,000 | 3.5 | 350 |
| First \$40,000 | - | 550 |
| Next \$40,000 | 7.0 | 2,800 |
| First \$80,000 | - | 3,350 |
| Next \$40,000 | 11.5 | 4,600 |
| First \$120,000 | - | 7,950 |
| Next \$40,000 | 15.0 | 6,000 |
| First \$160,000 | - | 13,950 |
| Next \$40,000 | 18.0 | 7,200 |
| First \$200,000 | - | 21,150 |
| Next \$40,000 | 19.0 | 7,600 |
| First \$240,000 | - | 28,750 |
| Next \$40,000 | 19.5 | 7,800 |
| First \$280,000 | - | 36,550 |
| Next \$40,000 | 20.0 | 8,000 |
| First \$320,000 | - | 44,550 |
| Above \$320,000 | 22.0 | |

Personal Income Tax for the Year of Assessment 2021 (Non-resident)

General Rate: 22%

Section 40B Relief for Non-resident Employees

Tax payable on the Singapore employment income of a non-resident individual is calculated at a flat rate of 15% or on a resident basis, whichever results in a higher tax amount.

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

Central Provident Fund (CPF)

Contributions for individuals of ages 55 years and below and earning at least \$750 per month.

Rates of CPF contributions (effective from 1 January 2016 onwards)

| | |
|----------|-----|
| Employee | 20% |
| Employer | 17% |

| | |
|---|-------------------------------------|
| Maximum monthly ordinary wages (OW) attracting CPF | \$6,000 |
| Maximum annual ordinary wages (OW) attracting CPF | \$72,000 |
| Maximum annual additional wages (AW) attracting CPF | \$102,000 less OW subject to CPF |

Ad hoc Contribution to Medisave

Cap on deductible ad hoc contribution by employers to employees' Medisave accounts

- Up to 31 December 2017, \$1,500 per employee per year.
- Effective from 1 January 2018, \$2,730 per employee per year.

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

Personal Income Tax Reliefs for the Year of Assessment 2020

With effect from YA 2018, the overall personal income tax relief available to resident individuals, as detailed below, will be capped at \$80,000.

Earned income

| Age | Normal (able-bodied) maximum | Handicapped maximum |
|--------------------|------------------------------|---------------------|
| Below 55 years | \$1,000 | \$4,000 |
| 55 to 59 years | \$6,000 | \$10,000 |
| 60 years and above | \$8,000 | \$12,000 |

Other reliefs

| Type of relief | Amount of relief |
|---|-----------------------------|
| Spouse relief | \$2,000 |
| Handicapped spouse relief | \$5,500 |
| Qualifying child relief (per child) (QCR) | \$4,000 |
| Handicapped child relief (per child) (HCR) | \$7,500 |
| Handicapped sibling relief (per sibling) | \$5,500 |
| Parent relief | |
| - Staying with dependant | \$9,000 |
| - Not staying with dependant | \$5,500 |
| Handicapped parent relief | |
| - Staying with dependant | \$14,000 |
| - Not staying with dependant | \$10,000 |
| Working mother's child relief (WMCR) | % of mother's earned income |
| - First child | 15% |
| - Second child | 20% |
| - Third and subsequent child | 25% |
| - Maximum cumulative WMCR | 100% |
| Maximum relief per child (comprising QCR or HCR and WMCR) | \$50,000 |
| Grandparent caregiver relief | \$3,000 |
| Life insurance relief | \$5,000 (max) |

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

| Type of relief | Amount of relief |
|---|---|
| Voluntary CPF contribution of self-employed | Tax relief will be capped at the lower of: <ul style="list-style-type: none"> • 37% of net trade income assessed; or • CPF relief cap of \$37,740; or • Actual amount contributed in basis period. |
| Course fee relief | \$5,500 (max) |
| Foreign domestic worker levy relief | |
| - Up to 31 March 2019 | \$6,360 (max) |
| - Effective from 1 April 2019 | \$7,200 (max) |
| Supplementary Retirement Scheme | |
| - Singapore citizens and PRs | \$15,300 (max) |
| - Foreign citizens | \$35,700 (max) |

National Service Man (NSman) relief

| | Normal Appointment | Key Appointment Holder |
|----------------------------|--------------------|------------------------|
| Active NSman | \$3,000 | \$5,000 |
| Nan-active NSman | \$1,500 | \$3,500 |
| Wife/widow/parent of NSman | \$750 | \$750 |

Appendix A – Standard Taxation Rates and Reliefs - Year of Assessment 2021

Withholding tax rates

| Nature of income | % rates payable |
|--|-------------------------------|
| Interest and other payments in connection with loan or indebtedness | 15% |
| Royalty or other lump sum payments for the use of, or the right to use movable properties | 10% |
| Payment for the use of, or the right to use, scientific, technical, industrial, or commercial knowledge or information | 10% |
| Technical assistance and service fees | Prevailing Corporate Tax Rate |
| Management fees | Prevailing Corporate Tax Rate |
| Rent or other payments for the use of movable properties | 15% |
| Director's remuneration | 22% |
| Non-resident professional | 15% of gross or 22% of net |

Appendix B – Common verbs used by the Examiner

| Verb | Description |
|----------------------------|---|
| Calculate / Compute | Do the number crunching and derive the correct answer. Make sure that you write down your workings and crosscheck your numbers. |
| Explain | Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand. |
| State | State is similar to list , but the items require your professional judgement. For instance, " State any restrictions that apply". One of the easiest ways to make sure that you state comprehensively is to think, " list and justify ". |
| With reference to | This instruction requires you to relate your answer back to a specific document/s or set of facts. For instance, " With reference to relevant Singapore Financial Reporting Standards, explain the risk of material misstatements relating to ...". In this example, relevant <u>Singapore Financial Reporting Standards</u> acts as a qualifier (with reference to 'what'). Failure to make specific mention of the document/s or facts in your answer will result in a substantial loss of marks. |