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**Singapore – 2015 Budget
Introduces Some Income
Tax, CPF Contribution
Changes**

by KPMG Services Pte Ltd,
Singapore (KPMG in Singapore
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flash Alert

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Singapore's Deputy Prime Minister and Finance Minister, Tharman Shanmugaratnam, delivered the 2015 Budget Statement on 23 February 2015.¹ Among the budget's proposals are: a rise in the top rate of income tax, an extension of the Angel Investors Tax Deduction, a rise in the CPF salary ceiling and SRS contribution caps, and an increase in the employer and employee CPF contribution rates for older workers.

Why This Matters

The tax changes may affect cost projections for future assignees and budgeting for international assignments to Singapore or from Singapore where the assignee will be subject to Singapore taxation. Furthermore, the resultant tax differential may impact tax equalizations.

Increase in Contributions to Central Provident Fund (CPF) for Older Workers

Current Position -- The current CPF contribution rates for workers aged 50 and above are as follows:

Above 50 to 55 years

Employee 19%

Employer 16%

Above 55 to 60 years

Employee 13%

Employer 12%

Above 60 to 65 years

Employee 7.5%

Employer 8.5%

New Position -- The CPF contributions rates would be increased as follows (effective 1 January 2016):

Above 50 to 55 years

Employee 20%

Employer 17%

Above 55 to 60 years

Employee 13%

Employer 13%

Above 60 to 65 years

Employee 7.5%

Employer 9%

The increase in employer contribution rates will go into the Special Account and the increase in employee contribution rates will go into the Ordinary Account.

CPF Salary Ceiling and Supplementary Retirement Scheme (SRS) Contribution Cap

All dollar figures expressed are Singapore dollars unless otherwise indicated.

Current Position

The current CPF salary ceiling is \$5,000 per month and \$85,000 per annum for total wages.

The SRS contribution caps are:

- Singaporeans / Singapore Permanent Residents ("SPRs") \$12,750
- Foreigners \$29,750.

New Position

From the year 2016 onwards, the CPF salary ceiling will be raised to \$6,000 per month and \$102,000 per annum for total wages.

In line with the above, the SRS contribution caps will be raised to:

- Singaporeans / SPRs \$15,300
- Foreigners \$35,700.

Alternative Method for Claiming Expenses Against Passive Rental Income

Current Position

An individual who derives passive rental income from residential property can claim actual deductible expenses incurred in producing the income.

New Position

Effective YA 2016, individual taxpayers can use an alternative method in lieu of claiming the actual amount of deductible expenses incurred against rental income.

An individual can claim 15 percent of the gross rental income as rental expenses. In addition, an individual may claim interest paid on the loan taken to purchase the rental property.

Tax Deduction for Approved Donations

Current Position

Qualifying donations made in calendar years 2009 to 2015 would qualify for a 250-percent tax deduction.

New Position

For qualifying donations made in the year 2015, the tax deduction would be increased to 300 percent of the amount donated.

The 250-percent tax deduction has been extended for approved donations made during the period from 1 January 2016 to 31 December 2018.

Double Taxation Deduction (DTD) Scheme for Companies Doing Business Overseas

The scope of a qualifying expenditure has been enhanced to include qualifying “manpower” expenses incurred by companies for Singaporeans posted to new overseas entities.

Qualifying manpower expenses to qualify for the DTD will be capped at \$1 million per approved entity per year and incurred from 1 July 2015 to 31 March 2020.

Prior approval from International Enterprise (IE) Singapore is required.

IE Singapore will release further details by May 2015.

Personal Income Tax Rates/Thresholds

The new personal income tax rates for resident individual taxpayers will take effect from YA 2017 and are shown below. The top marginal tax rate is being raised to 22 percent from 20 percent.

Tax structure with effect from YA 2017

Chargeable Income (\$)		Tax Rate	Gross Tax Payable (\$)
On the first	20,000	0	0
On the next	10,000	2	200
On the first	30,000	-	200
On the next	10,000	3.5	350
On the first	40,000	-	550
On the next	40,000	7	2,800
On the first	80,000	-	3,350
On the next	40,000	11.5	4,600
On the first	120,000	-	7,950
On the next	40,000	15	6,000
On the first	160,000	-	13,950
On the next	40,000	18	7,200
On the first	200,000	-	21,150
On the next	40,000	19	7,600
On the first	240,000	-	28,750
On the next	40,000	19.5	7,800
On the first	280,000	-	36,550
On the next	40,000	20	8,000
On the first	320,000	-	44,550
Above	320,000	22	

Tax Rebate

A personal income tax rebate of 50 percent, capped at \$1,000, will be granted to all resident individual taxpayers for YA 2015.

Footnote:

1 For the budget speech and related documentation, see: <http://www.singaporebudget.gov.sg> .

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For a complete analysis of the Budget, see "[Singapore Budget 2015](#)," a publication of the KPMG International member firm in Singapore.

For further information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Singapore:

- * BJ Ooi, Partner, Head of GMS (tel. +65 6213 2657; e-mail: boonjinooi@kpmg.com.sg)
- * Dennis McEvoy, Partner (tel. +65 6213 2645; e-mail: dennismcevoy@kpmg.com.sg)

S\$1 = €0.68
S\$1 = £0.488
S\$1 = US\$0.72
S\$1 = A\$0.942

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