



**In this issue:**

Singapore: Changes in the computation of taxable accommodation benefits..... 1

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**Singapore:  
Changes in the computation of taxable accommodation benefits**

**What are the changes?**

The benefits derived from accommodation provided by an employer are considered perquisites from employment and therefore taxable.

The Inland Revenue Authority of Singapore (IRAS) has announced changes to the computation of the taxable value of accommodation benefits provided by employers to employees (including directors). The changes affect the provision of accommodation in rental properties leased directly by employers from landlords. The changes take effect from the Year of Assessment (YA) 2020 (income year 2019).

A comparison of the current and new basis for computing the taxable value of accommodation benefits is as follows:

	<b>Current Basis (From YA 2015 to YA 2019)</b>	<b>New Basis (Effective from YA 2020)</b>
Residence or Serviced Apartment Not within Hotel Building	<p>Taxable value is computed based on the annual value (AV) of the property for the period of occupation, less rent paid by the employee (if any).</p> <p>As a concession, employers may elect to declare the actual market rent paid for the furnished premises (including furniture and fittings) instead of the AV, if it is administratively more convenient to do so or if the AV is unavailable.</p>	<p>Taxable value is computed based on total rent for the period of occupation (including the rent for furniture and fittings), less rent paid by the employee (if any).</p> <p>Alternatively, if no rent is paid by the employer (e.g., the property is owned by the employer), the taxable value is the AV of the property, less rent paid by the employee (if any).</p>
Furniture and Fittings in Residence or Serviced Apartment	<p>The taxable value of furniture and fittings is computed based on:</p> <ul style="list-style-type: none"> <li>• 40% of the AV if the property is partially furnished; and</li> <li>• 50% of the AV if the property is fully furnished.</li> </ul> <p>If actual market rent paid for the furnished premises is reported for tax purposes, employers are not required to declare the taxable value of furniture and fittings separately based on a percentage of the AV.</p>	<p>If rent is paid by the employer, the taxable value of furniture and fittings should already be included in the total rent paid by the employer and reportable for tax purposes.</p> <p>If no rent is paid by the employer, the taxable value of the furniture and fittings is computed based on:</p> <ul style="list-style-type: none"> <li>• 40% of the AV if the property is partially furnished; and</li> <li>• 50% of the AV if the property is fully furnished.</li> </ul>

**Where:**

Annual Value (AV)	The AV of the property is the estimated annual rent of the property if rented out, excluding the furniture, furnishings, and maintenance fees. The AV is indicated on the property tax bill issued by IRAS or retrievable via IRAS' e-Valuation List service.
Partially Furnished Residence	Only fittings (e.g., lighting, air conditioners, ceiling fans, water heaters) are provided. A unit that is fitted with any such items is considered partially furnished.
Fully Furnished Residence	Fittings, furniture, and household appliances are provided.

**Taxation of other accommodation-related benefits and allowances**

The taxable values of the following benefits and allowances remain unchanged:

1. Gardener or domestic helper benefit provided by the employer is taxed based on the actual wages paid by the employer;
2. Utilities, telephone, and cable bills paid or reimbursed by the employer are taxed based on the actual amount paid or reimbursed;
3. Hotel accommodation or serviced apartment provided within a hotel building are taxable based on the actual costs incurred by the employer, less the amount paid by the employee (if any); and
4. If the employee is reimbursed for a rental accommodation under a lease agreement that he or she has concluded with a landlord or is paid a housing allowance in cash, either the amount reimbursed by the employer or the allowance paid by the employer is taxable in full.

## Impact of the change

The change simplifies the tax compliance process by removing the administrative burden and challenges faced by employers in obtaining AV amounts for tax reporting purposes, with the exception of accommodation owned by an employer for which the employer does not pay any rent.

With the above changes, there is no longer an administrative concession available with respect to the provision of accommodation by employers, and the individual tax liability is generally expected to increase. This is because the actual rent is generally higher than the AV of the property, although there can be exceptions.

## Deloitte's view

The revised tax treatment is in line with efforts to simplify tax compliance and reporting requirements in Singapore.

Employers may wish to review their human resources policies relating to the provision of accommodation benefits versus the payment of allowances to support the housing costs of employees in Singapore, as tax savings that used to be available (in instances where the AV of the property is lower than the actual rent) vis-à-vis the administrative burden of managing housing leases have generally been removed.

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