



GES NewsFlash

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Greetings from your tax team at Deloitte Singapore. We are pleased to present to you the latest newsletter on:

[Singapore — Clarity on Individual Tax Filing Requirements for Frequent Business Travellers \(FBTs\)](#)

Background

Generally, an employer is required to notify the Inland Revenue Authority of Singapore (IRAS) by filing the Form IR21 (Notification of a noncitizen employee's cessation of employment or departure from Singapore) for its employee who is neither a Singapore citizen nor Singapore Permanent Resident (SPR) (under immigration rules) or is an SPR who is leaving Singapore permanently (including on overseas posting for a period of more than 3 months) on cessation of employment in Singapore, at least one month before the expected date of cessation of employment or departure from Singapore, whichever is earlier.

In addition, the employer is required to withhold any monies due and payable to such employee until the expiry of 30 days after the receipt by the IRAS of such notification, or until tax clearance is obtained from the IRAS, whichever is earlier.

Where the employee's tax liability is fully borne by the company, the IRAS will grant a 2-month extension of time from the cessation date to file the Form IR21 and the withholding of monies may not be required.

Clarity on Individual Tax Filing Requirements for FBTs

In view of the practical issues faced by employers in meeting the tax clearance filing timelines for foreign employees who have employment bases outside Singapore (i.e., exercising employment outside of Singapore), but are required to make frequent business trips to Singapore (i.e., FBTs), the IRAS is prepared to allow extension of time for the filing of the tax clearance returns for the FBTs as follows:

Category of FBT	Submission Deadlines
The work has ended and the FBT will not be making further business trips to Singapore (with or without work pass obtained)	2 months from the date of last business visit. <i>Example:</i> Date of last business visit: 30 November 2014 Due date to submit Form IR21: 31 January 2015
The company cancels the work pass of the FBT or the work pass expires	2 months from the date of cancellation or expiry of the work pass <i>Example:</i> Date of cancellation/expiry of work pass: 31 December 2014 Due date to submit Form IR21: 28 February 2015
FBTs whose business trips straddle over more than a year and no work pass is obtained	The company has until 31 January of the following year to complete an annual review of the travel days of the FBT to Singapore. The company has to file the Form IR21 by 31 March (i.e., 2 months from 31 January of the following year) <i>Example:</i> FBT makes 5 business trips to Singapore during the year 2014, and is still required to make 3 business trips to Singapore during the year 2015

	<p>Due date to submit Form IR21 for the year 2014: 31 March 2015</p> <p>Due date to submit Form IR21 for the year 2015: 2 months from the date of last business visit in the year 2015</p>
<p>FBTs whose business trips straddle over more than a year and work pass is obtained</p>	<p>The company is required to prepare the Employer Return of Employee Remuneration (Form IR8A) and provide the same to the FBT by 1 March of the following year. If the company is under the Auto Inclusion Scheme (AIS), the company is required to electronically transmit the same to the IRAS (via submission of Form 8E) to the IRAS by 1 March of the following year.</p> <p>The FBT is required to file his Singapore tax return (Form B1/Form M) by 15 April of the following year, or e-file by 18 April of the following year.</p> <p><u>Example:</u></p> <p>FBT makes 5 business trips to Singapore during the year 2014, and is still required to make 3 business trips to Singapore during the year 2015</p> <p>Due date to prepare Form IR8A/e-file Form 8E for the year ended 31 December 2014: 1 March 2015</p> <p>Due date to submit/e-file Form B1 for the Year of Assessment 2015 (income year 2014): 15 April 2015 (paper filing)/18 April 2015 (e-filing)</p> <p>Due date to submit Form IR21 for the year 2015: 2 months from the date of last business visit in the year 2015</p>

Please note that the above tax clearance filing timelines apply to FBTs who have exercised employment in Singapore for more than 60 days in the calendar year.

For FBTs who have made business trips in Singapore for not more than 60 days during the calendar year, they may be treated as short-term non-resident visiting employees and be exempt from tax in respect of income from employment of not more than 60 days under Section 13(6) of the Singapore Income Tax Act (SITA). However, please note that Section 13(6) does not apply to income derived by a director of a company.

Please also note that for the FBTs to avail to the respective filing extensions, the employer has to indicate that the employee is an FBT by way of a covering letter when submitting the Form IR21 to the IRAS, together with the FBT's travel schedule.

Deloitte's view

The tax filing requirements for FBTs have traditionally proven to be challenging for employers as such individuals are typically not employees of the Singapore entities (which may act as

sponsor for the work pass) and at times, work passes may not have been obtained for them in Singapore.

This coupled with the IRAS tightening its enforcement on the filing of tax clearance returns and the imposition of penalties for the late filing of tax clearance returns and/or issue of estimated tax assessments where tax clearance returns have not been filed, made the tax reporting of FBTs extremely onerous on the employer/Singapore entities.

With the IRAS providing clarity on the filing timelines for FBTs who spend more than 60 days in Singapore each calendar year (and hence not available for exemption of income in Singapore under Section 13(6) of the SITA), the IRAS is expecting employers to track the movements of their FBTs into Singapore and ensure that the appropriate tax reporting requirements are met.

It is therefore important for companies to review their tracking mechanisms for FBTs into Singapore, and also the implementation of processes to collate the necessary compensation information required to fulfil the tax reporting requirements to avoid penalties and enforcement actions by the IRAS.

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