



GES Newsflash

Proactive Perspective. It's what's needed most.

Greetings from your Tax & Legal team at Deloitte Singapore. We are pleased to update you on the following:

Changes in the computation of taxable accommodation benefits

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:

	Current Basis (From YA 2015 to YA 2019)	New Basis (Effective from YA 2020)
Residence or Serviced Apartment Not within Hotel Building	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). As a concession,	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).

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.

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)

Furniture and Fittings in Residence or Serviced Apartment

The taxable value of furniture and fittings is computed based on:

- 40% of the AV if the property is partially furnished
- 50% of the AV if the property is fully furnished

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.

If no rent is paid by the employer, the taxable value of the furniture and fittings is computed based on:

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.

- 40% of the AV if the property is partially furnished
- 50% of the AV if the property is fully furnished

Where:

Annual Value (AV)

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).

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.

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:

- Gardener or domestic helper benefit provided by the employer is taxed based on the actual wages paid by the employer
- Utilities, telephone, and cable bills paid or reimbursed by the employer are taxed based on the actual amount paid or reimbursed.
- 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).
- 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 Singapore'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.

Contacts

Should you have any comments or questions arising from this newsletter, please contact either the listed contacts below, or any member of the [Singapore Tax & Legal team](#).

Global Employer Services

Jill Lim

Southeast Asia GES Leader
Deloitte Singapore

+65 6530 5519

jilim@deloitte.com

Sabrina Sia

Singapore GES Leader
Deloitte Singapore

+65 6216 3186

ssia@deloitte.com

Christina Karl

GES Partner
Deloitte Singapore

+65 6800 3997

ckarl@deloitte.com

Lisa Alton

GES Partner
Deloitte Singapore

+65 6800 2880

lialton@deloitte.com

Michele Chao

GES Partner
Deloitte Singapore

+65 6216 3387

micchao@deloitte.com

Legal Services

[Deloitte Legal International Pte. Ltd. \(a licensed Foreign Law Practice\)](#) and [Sabara Law LLC](#) are members of Deloitte Legal, which is the international network of legal practices working with Deloitte all over the world.

Deloitte Legal International Pte. Ltd. and Sabara Law LLC provide only legal services; and are legally separate and independent from other Deloitte entities.

Foreign Law Practice

Deloitte Legal International focuses on international cross-border legal matters under English and local law across Southeast Asia.

Singapore Law Practice

Sabara Law LLC focuses on Singapore Law matters.

Rashed Idrees

Managing Director
Deloitte Legal International Pte.
Ltd.

Yeoh Lian Chuan

Managing Director
Sabara Law LLC

+65 6800 2775

ridrees@deloittelegal.com.sg

+65 6800 2253

lcyeoh@sabaralaw.com.sg

This *GES NewsFlash* information is also included in our biweekly GES newsletter, *Global InSight*, which you will receive directly if you are on the central distribution list.

If you are not on the central distribution list and received this communication by some other means, you can subscribe to *Global InSight* by clicking [here](#).

Be sure to visit our website www.deloitte.com/sg/tax.



Access the latest global and regional tax news, information, and resources from **Deloitte tax@hand**.

A digital platform designed for global tax professionals, available anytime, on any device.

deloitte.com/taxathand



Deloitte | Add Deloitte as safe sender

About Deloitte

Deloitte Legal means the legal practices of Deloitte Touche Tohmatsu Limited member firms or their affiliates that provide legal services. For regulatory, legal, and other reasons, not all member firms provide legal services.

Deloitte Tax means the tax practices of Deloitte Touche Tohmatsu Limited member firms or their affiliates.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at www.deloitte.com.

About Deloitte Legal International Pte. Ltd.

Deloitte Legal International Pte. Ltd. (a licensed Foreign Law Practice) is a licensed Foreign Law Practice, which is fully owned and controlled by qualified lawyers, and structured in compliance with the Legal Profession Act and its subsidiary legislation. It is a part of the network of member firms of Deloitte Touche Tohmatsu Limited, which will provide only legal services and is legally separate and independent from other Deloitte entities in Singapore and overseas.

About Sabara Law LLC

Sabara Law LLC is a Singapore law practice. It is established as a company limited by shares under the

Companies Act, Chapter 50 of Singapore, with registration number 201834687W. It is fully owned and controlled by Singapore-qualified lawyers, and structured in compliance with the Legal Profession Act, Chapter 161 of Singapore, and its subsidiary legislation. It is a member of the Deloitte Legal network and is legally separate and independent from other Deloitte entities. Sabara Law LLC is not in any joint law venture or foreign law alliance with Deloitte Legal International Pte. Ltd.

About Deloitte Singapore

In Singapore, services are provided by Deloitte & Touche LLP and its subsidiaries and affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

Deloitte & Touche LLP (Unique entity number: T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

© 2019 Deloitte & Touche LLP