



## GES NewsFlash

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Greetings from your Tax & Legal team at Deloitte Singapore. We hope that you and your loved ones are staying safe and healthy despite these challenging times. As we navigate ourselves through this trying period, we are committed to giving you the support you need.

We are pleased to update you on the following:

#### **Working remotely from Singapore due to COVID-19**

The Inland Revenue Authority of Singapore (IRAS) previously announced an administrative concession that Singapore citizen and Singapore permanent resident (SPR) employees who work for overseas employers outside of Singapore, but who are working remotely from Singapore since 2020 due to COVID-19, will not be treated as exercising employment in Singapore, and will not be subject to income taxes in Singapore from their date of return to Singapore to 30 June 2021, subject to meeting the conditions prescribed by the IRAS.

The concession was initially announced by the IRAS on 6 April 2020 and intended to apply until 30 September 2020. The IRAS had extended the period of concession to 31 December 2020, and subsequently to 31 March 2021, and 30 June 2021 (refer to our previous NewsFlashes of [12 August 2020](#), [22 December 2020](#), and [11 March 2021](#)).

#### **What is the change?**

The IRAS has updated that, where the Singapore citizen or SPR employees' stay in

Singapore is extended beyond 30 June 2021, the income attributable to their employment exercised in Singapore from 1 July 2021 onwards would be reportable for tax by the employer and subject to Singapore income tax based on normal tax rules.

The Singapore citizen or SPR employees may request the IRAS to review\* the tax treatment of their employment income derived from 1 July 2021 onwards, if they would consider themselves as not exercising an employment in Singapore as they have remained in Singapore under the following circumstances:

- a. The country where they are based has imposed a ban on the entry of travellers into the country or it is impossible to travel due to the unavailability of flights or other modes of transport; and
- b. They will leave Singapore as soon as they are able to.

The following details of the affected employee would have to be provided to the IRAS for its consideration:

1. Employee's name and NRIC number.
2. Date on which the employee started to work remotely from Singapore.
3. Name and address of the employer and the employee's designation.
4. The number of staff who report to the employee, if any, and where they are currently based.
5. Name and designation of person whom the employee is reporting to and where they are currently based.
6. Nature and scope of work, before and after the employee returned to Singapore, together with supporting documents.
7. Whether the employer has any related entities in Singapore and, if so, the name of each entity.
8. Whether any of the work performed in Singapore is for clients in Singapore and/or business activities of any entities in Singapore, regardless of whether they are related to the employer. If so, provide the relevant details.
9. Whether the work performed during an employee's stay in Singapore would have been performed overseas, if not for the travel restrictions caused by COVID-19.
10. Documents to support that the employee has made every effort to leave for the country where they are based, but was unable to do so.
11. Documents to support that the employment income earned during the stay in Singapore is subject to tax in the country where the employee would have been working for the overseas employer.

*\*The IRAS will assess on a case-by-case basis whether the above concession (i.e., a tax exemption on employment income derived during the remote work period in Singapore) will apply.*

### **Deloitte Singapore's views**

Employers should continue to track employees who are working remotely in Singapore, and file the employer's returns to report the income attributable to their employees' employment exercised in Singapore as required, where the conditions for tax exemption under the COVID-19 tax-support measures or tax laws are not met. Employers and employees are also advised to retain the relevant supporting documents for submission to the IRAS as necessary, for the IRAS' review and consideration of the concession.

Separately, there may potentially be corporate tax implications to the overseas employing entities in Singapore, by virtue of having their employees perform services remotely in Singapore. This will depend on the nature of the services rendered by the employees and the duration of the time spent by the employees cumulatively in Singapore. Therefore, overseas employing entities must consider such corporate tax exposures in Singapore, if remote work arrangements have to continue or are allowed to continue.

### **Contacts**

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

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