



GES NewsFlash

Proactive perspective—It's what's needed most.

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.

Earlier this week, we circulated a similar GES NewsFlash on the same topic. Please find below an updated newsletter with amended information in yellow highlights. Please refer to this version instead.

Working remotely from Singapore due to COVID-19

A. Period of relief extended

In January 2021, the Inland Revenue Authority of Singapore (IRAS) updated that there will be a further extension to 30 June 2021 of the period for which Singapore citizens and Singapore permanent resident (SPR) employees who work for overseas employers outside of Singapore, but who are working remotely from Singapore due to COVID-19, will not be treated as exercising employment in Singapore (i.e., they will not be deemed to have derived employment income to be subject to Singapore income tax).

The relief 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 relief to 31 December 2020 and subsequently to 31 March 2021 (refer to our previous [NewsFlash](#) on 12 August 2020 and 4 January 2021, respectively).

The further extension to 30 June 2021 is subject to meeting additional qualifying conditions.

Period of stay in Singapore does not extend beyond 31 December 2020

The following conditions announced by the IRAS on 6 April 2020 remain valid and must be met by Singapore citizens and SPR employees who return to Singapore to work remotely during the COVID-19 pandemic:

1. There is no change in the contractual terms governing the overseas employment of the individuals before or after their return to Singapore; and
2. This is a temporary work arrangement due to COVID-19.

Period of stay in Singapore extending beyond 31 December 2020

Singapore citizens and SPR employees must meet the following additional qualifying conditions announced by the IRAS to qualify for the tax concession through 30 June 2021:

3. The work performed by the individuals during their stay in Singapore would have been performed overseas if not for the travel restrictions caused by COVID-19;
4. The individuals will leave Singapore as soon as they are able to do so before 30 June 2021; and
5. The employment income earned during the individual's stay in Singapore from 1 January 2021 through 30 June 2021 is subject to tax in the country where the individual would have been working for the overseas employer.

Condition 4. will be considered to have been met where the individual continues to work remotely from Singapore and is unable to return to the country where they are supposed to be working due to a resurgence of cases and the escalating COVID-19 situation in that country.

Where all of **conditions 1. to 5.** are met, the individual's employment income will not be reportable for tax in Singapore from the date of return to Singapore through either the date of departure from Singapore or 30 June 2021, whichever is earlier. Where an individual meets conditions 1. and 2. but does not meet the additional conditions 3. to 5., only employment income for the period up to 31 December 2020 will not be reportable for tax in Singapore.

The relevant supporting documents to substantiate that the qualifying conditions are met must be retained and provided to the IRAS upon request. The general taxation rules for income earned in Singapore will apply where the conditions are not met.

B. Interpretation of the provisions of Singapore's Double Taxation Agreements (DTAs)

In January 2021, the IRAS also clarified that if a non resident employee is prevented from leaving Singapore due to COVID-19 restrictions and would have otherwise left Singapore and qualified for exemption in accordance with the provisions under the relevant DTA, the IRAS may disregard the additional days spent in Singapore, given the exceptional COVID-19 circumstances, for purposes of mitigating double taxation.

For the purpose of determining whether the days-of-presence threshold provided in the relevant provisions under the DTA has been exceeded, the IRAS will disregard the period of extended stay in Singapore if the following conditions are met:

1. The non resident employee is prevented from leaving Singapore because:
 - The individual is serving a COVID-19 quarantine order or stay-home notice; or

- The overseas jurisdiction of residence or the jurisdiction where the non resident employee is based or had made plans to travel to has imposed a ban on the entry of travelers into the jurisdiction, which is applicable to that nonresident employee; or
 - It is impossible to travel due to non availability of flights or other modes of transport; and
2. The non resident employee would otherwise have left Singapore such that the employment activities would not have been carried out in Singapore; and
 3. The non resident employee is subject to tax in the overseas jurisdiction on the employment income derived from the employment services performed in Singapore during the period of extended stay in Singapore.

The non resident employee should keep all relevant documentations and records to substantiate that all the above conditions are met, and to provide the information to IRAS upon request.

Deloitte's view

In these unprecedented times, these are welcomed measures by the IRAS to manage the additional tax responsibilities of employers and employees affected by the COVID-19 pandemic.

If you require assistance to determine if the conditions for relief are met, please contact us and we will be pleased to assist.

Contact

For more information on the above or any other matters, please contact either the listed contacts below, or any member of the [Singapore Tax & Legal team](#).

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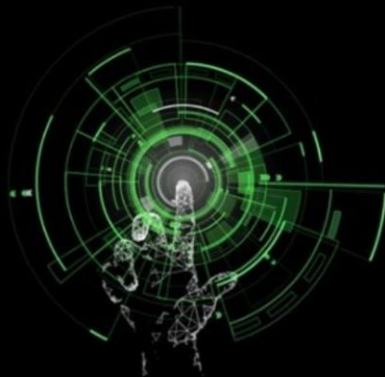
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