

# TAX RESIDENCY FOR INDIVIDUALS IN SINGAPORE

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- **CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT**
- **WORKING REMOTELY FROM SINGAPORE**
- **WORKING REMOTELY FROM OVERSEAS**

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## GENERAL RULE

Section 2(1) (a) of the Singapore Income Tax Act (Chapter 134) provides the definition of “resident in Singapore” as follows:

*in relation to an individual, means a person who, in the year preceding the year of assessment, **resides** in Singapore except for such **temporary absences** therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore, and includes a person who is **physically present** or who **exercises an employment** (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment.*

From the definition of “resident in Singapore”, the first test is **qualitative**.

The second test, which is an alternative test for residence, is **quantitative** and consist of two sub-tests:

- i. Duration of the physical presence for at least 183 days
- ii. Duration of the employment exercised in Singapore for at least 183 days

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## QUALITATIVE TEST

An individual is considered tax resident in Singapore for a Year of Assessment if, in the preceding year of assessment, he/she **resides** in Singapore except for such **temporary absences** from Singapore as may be reasonable and not inconsistent with his/her claim to be resident in Singapore.

### “RESIDES”

Determining the residency status of an individual is a factual matter. The following factors are relevant:

- Whether the individual has family ties in Singapore
- Whether the individual has a permanent accommodation available in Singapore
- Whether the individual is abroad for temporary purpose
- The frequency, regularity and duration of visits in Singapore and the purpose of such visits

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## QUALITATIVE TEST

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### “TEMPORARY ABSENCE”

An individual can qualify as resident in Singapore even though he/she may be away from Singapore during part of the year or even the whole year. This, provided that absence from Singapore is not with the intent to establish a residence overseas (matter of fact).

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## QUANTITATIVE TEST

Under the quantitative test, an individual

- who is physically present in Singapore
  - or
  - who exercise employment in Singapore for 183 or more days
- is treated as resident for tax purpose in Singapore

In calculating the 183-day limit:

- The 183 days not need to be continuous
- Presence in Singapore for a part of the day is counted as a presence for the whole day
- Weekends and PHs are included
- Absence from Singapore incidental to the Singapore employment are counted (ie business trip, holidays)

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## QUANTITATIVE TEST – ADMINISTRATIVE CONCESSION FOR FOREIGNERS

### Two years concession

Applies for individuals who (i) work in Singapore for straddling two calendar years and (ii) stay and work in Singapore for at least 183 days . In such situation, the individual will be regarded as tax resident for both YAs.

Example A – arrive in Singapore on 8 November 2021, starting working from 15 November to 18 May 2022 and left on 20 May

Year of Assessment	Period of stay	Tax residency status
2022	8.11.2021-31.12.2021 (54 dd)	Tax resident
2023	1.1.2022-20.5.2022 (140 dd)	Tax resident

Example B – work in Singapore from 8 November 2021 to 30 December 2021 and stay in Singapore until the 20 May 2022

Year of Assessment	Period of stay	Tax residency status
2022	8.11.2021-31.12.2021 (54 dd)	Non-tax resident
2023	1.1.2022-20.5.2022 (140 dd)	Non-tax resident

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## QUANTITATIVE TEST – ADMINISTRATIVE CONCESSION FOR FOREIGNERS

### Three years concession

Applies for individuals who work in Singapore for continuously three consecutive years. In such situation, the individual will be regarded as tax resident for all YAs.

Example C – work in Singapore from 9 November 2020 to 18 May 2022.

Year of Assessment	Period of stay	Tax residency status
2021	9.11.2020-31.12.2020 (53 dd)	Tax resident
2022	1.1.2021-31.12.2021 (365 dd)	Tax resident
2023	1.1.2022-18.5.2022 (138 dd)	Tax resident



# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## NOTE

To be regarded as tax resident, an individual must satisfy at least one of the tests (qualitative or quantitative)

There is no statutory provision in Singapore for treating an individual as tax resident for a part of a year and non-tax resident for the remaining part of the year. This means that an individual will either be resident or non-resident for the whole Year of Assessment.

- Overseas income before/after employment in Singapore?

### Company Directors

- Executive directors: quantitative test or duration of the employment
- Non-executive directors: qualitative test or physical presence

# CRITERIA FOR INDIVIDUALS TO BE CONSIDERED TAX RESIDENT

## TAX TREATMENT OF TAX RESIDENTS

An individual, who is tax resident in Singapore:

- Is taxed on all income accrued or derived in Singapore
- Enjoys the tax exemption for foreign-sourced income, even though are remitted in Singapore
- May claim deduction on expenses, donations and personal reliefs
- Is subject to income tax at progressive rates ranging from 0% to 22% (from YA2024 from 0% to 24%)

# WORKING REMOTELY FROM SINGAPORE

## FOREIGN EMPLOYER - GENERAL RULE

Services rendered in Singapore by employees of foreign employers might be taxed in Singapore:

- Stay or work in Singapore for 60 days or less in a calendar year: tax exempted
- Stay or work in Singapore for 61 to 182 days in a calendar year: taxation as non-resident
- Stay or work in Singapore for more than 183 days in a calendar year: taxation as resident

## CONCESSION FOR COVID-19 RESTRICTIONS

Subject to conditions, employees of a foreign employers might enjoy fiscal exemption on the employment income derived from the remote working in Singapore

# WORKING REMOTELY FROM SINGAPORE

## CONCESSION FOR COVID-19 RESTRICTIONS

### For the period up to 30 June 2021

IRAS will consider the remote working in Singapore as not exercise an employment in Singapore provided all the following qualify conditions:

- No changes in the contractual terms governing the employment overseas before and after the return to Singapore
- It was a temporary work arrangement due to COVID-19
- The work performed remotely in Singapore would have been performed overseas if not for the travel restrictions caused by COVID-19
- The person left Singapore as soon as the travel restriction in the overseas country of the employer were lifted
- The employment income earned during the stay in Singapore is subject to tax in the country of the overseas employer.

# WORKING REMOTELY FROM SINGAPORE

## CONCESSION FOR COVID-19 RESTRICTIONS

### **For the period from 1 July 2021**

The employment income in relation to the work performed in Singapore will be subject to tax according to the general rule.

On a case by case, IRAS might consider the remote working in Singapore as not exercise an employment in Singapore provided all the following qualify conditions:

- The country where the overseas employer is based has imposed a ban on entry or it is impossible to travel due to unavailability of flights or other transportation mode.
- The person will leave Singapore as soon as the travel restriction in the overseas country of the employer will be lifted

# WORKING REMOTELY FROM OVERSEAS

## GENERAL RULE

Individuals who work remotely from outside Singapore for local employers will be considered tax resident in Singapore according to the general rule for the individual fiscal residency in Singapore (i.e. qualitative or quantitative test).

### Example D

Mr A – EP holder since 1 January 2018 – travel for personal and business purpose				
Period overseas (198)	1.1.2022 – 28.2.2022	1.5.2022-30.6.2022	1.8.2022-31.8.2022	15.11.2022-31.12.2022
Qualitative Test	Resides in Singapore except for temporary absence			
Quantitative Test	Work in Singapore for more than 183 dd		Three years concession	

Mr A will be considered as Singapore resident for year 2022 and the employment income will be taxed in Singapore.

However, he could be treated as a resident of his home country. In this event, the taxing right over the employment income will be dealt with in accordance to the DTA in force between SG and the home country.

# WORKING REMOTELY FROM OVERSEAS

## GENERAL RULE

Individuals who work remotely from outside Singapore for local employers will be considered tax resident in Singapore according to the general rule for the individual fiscal residency in Singapore (i.e. qualitative or quantitative test).

### Example E

Mr A – EP holder since 1 January 2018 – travel for personal and business purpose in 2021 and unable to return to Singapore				
Period overseas (245)	1.3.2021 – 31.10.2021			
Qualitative Test	Resides in Singapore except for temporary absence			
Quantitative Test	Work in Singapore for more than 183 dd		Three years concession	

Mr. A will be considered as Singapore resident for year 2022 and the employment income will be taxed in Singapore.

However, he could be treated as a resident of his home country under the tiebreaker rules of the relevant DTA as a result of her stronger family ties in the home country. In this event, upon Mutual Agreement Procedure request and approval, the employment income relating to the work in the home country will not be taxed in Singapore.

# TAX RESIDENCY FOR INDIVIDUALS IN SINGAPORE

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