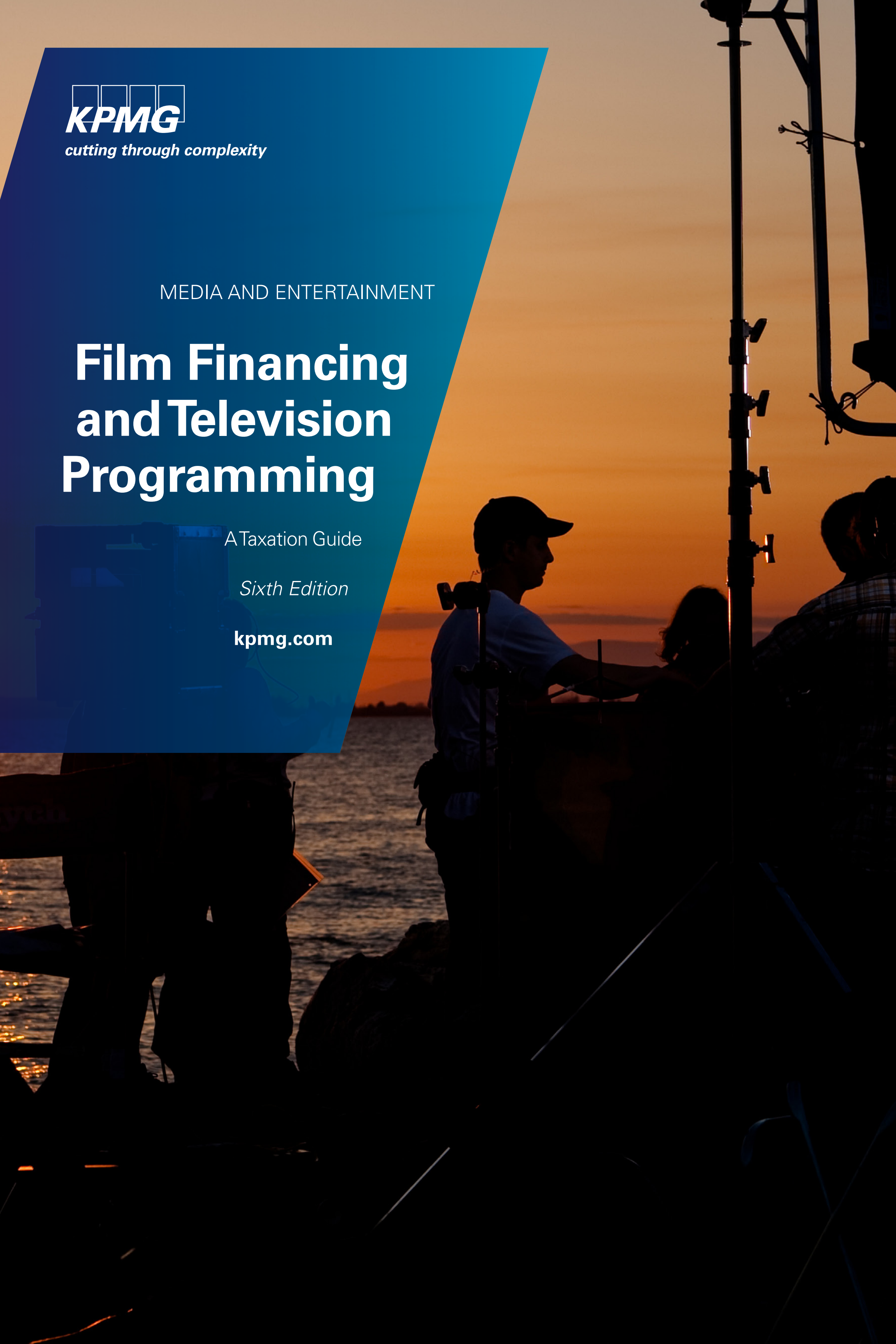

KPMG
cutting through complexity

MEDIA AND ENTERTAINMENT

Film Financing and Television Programming

A Taxation Guide

Sixth Edition

kpmg.com

Contents

Preface

KPMG LLP's (KPMG) Film Financing and Television Programming: A Taxation Guide, now in its sixth edition, is a fundamental resource for film and television producers, attorneys, tax, and finance executives involved with the commercial side of film and television production. The guide is recognized as a valued reference tool for motion picture and television industry professionals.
Its primary focus is on the tax and business needs of the film and television industry with information drawn from the knowledge of KPMG International's global network of media and entertainment Tax professionals.

KPMG published the first guide more than 15 years ago as a resource for global coverage of incentives and tax updates as they apply to the film and television industry. Subsequent editions expanded into coverage of financing techniques, credits/incentives, and a thorough appendix of withholding tax rates–a valuable reference tool for all finance and tax professionals.

Each chapter of the sixth edition focuses on a single country and provides a description of commonly used financing structures in film and television, as well as their potential commercial and tax implications for the parties involved. Additionally, the United States chapter focuses on both federal and state incentives, highlighting the states that offer the more popular and generous tax and financial incentives. Key sections in each chapter include:

Introduction
A thumbnail description of the country's film and television industry contacts, regulatory bodies, and financing developments and trends.

Key Tax Facts
At-a-glance tables of corporate, personal, and VAT tax rates; normal non-treaty withholding tax rates; and tax year-end information for companies and individuals.

Financing Structures
Descriptions of commonly used financing structures in film and television in the country and the potential commercial tax implications for the parties involved. The section covers rules surrounding co-productions, partnerships, equity tracking shares, sales and leaseback, subsidiaries, and other tax-effective structures.

Tax and Financial Incentives
Details regarding the tax and financial incentives available from central and local governments as they apply to investors, producers, distributors, and actors, as well as other types of incentives offered.

Corporate Tax
Explanations of the corporate tax in the country, including definitions, rates, and how they are applied.

Personal Tax
Personal tax rules from the perspective of investors, producers, distributors, artists, and employees.

Appendices
Additionally, withholding tax tables setting forth the non-treaty and treaty-based dividend, interest, and film royalty withholding tax rates for the countries surveyed are included as an appendix and can be used as a preliminary source for locating the applicable withholding rates between countries.

KPMG and Member Firm Contacts
References to KPMG and KPMG International member firm contacts at the end of each chapter are provided as a resource for additional detailed information.

The sixth edition of KPMG's Film and Television Tax Guide is available in an online PDF format at www.kpmg.com/filmtax and on CD. The guide is searchable by country.

Please note: While every effort has been made to provide up-to-date information, tax laws around the world are constantly changing. Accordingly, the material contained in this book should be viewed as a general guide only and should not be relied upon without consulting your KPMG or KPMG International member firm Tax advisor.

Finally, we would sincerely like to thank all of the KPMG International member firm Tax professionals from around the world who contributed their time and effort in compiling the information contained in this book and assisting with its publication. Production opportunities are not limited to the 35 countries contained in this guide. KPMG and the other KPMG International member firms are in the business of identifying early-stage emerging trends to assist clients in navigating new business opportunities. We encourage you to consult a KPMG or KPMG International member firm Tax professional to continue the conversation about potential approaches to critical tax and business issues facing the media and entertainment industry.

Thank you and we look forward to helping you with any questions you may have.

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Chapter 29

Singapore

Introduction

The campaign, "Media 21," was launched by the Singapore government in 2003 to develop and promote the media industry. Through the campaign, the government has introduced various development schemes to encourage media production and to attract foreign film producers into the country. The objectives of this campaign were to increase the Singapore's Gross Domestic Product (GDP) contribution of the media cluster from 1.56 percent in 2003 to 3 percent in 10 years, and create over 10,000 new jobs for Singaporeans.

In response to global trends towards digitization and a rising interest in Asia, Media 21 blueprint has to be updated. The updated strategy, Singapore Media Fusion Plan (SMFP), describes the vision, aspirations and thinking behind the multi-agency efforts to help the Singapore media sector prosper in a rapidly changing media environment. SMFP envisions Singapore as a Trusted Global Capital for New Asia Media.

Key Tax Facts

Corporate income tax rate	17%
Highest personal income tax rate	20%
Goods and services tax rate	7%
Normal non-treaty withholding tax rates: Dividends	0%
Interest	15%
Royalties	10%
Tax year-end: Companies	December 31
Tax year-end: Individuals	December 31

Film Financing

Financing Structures

The most common forms of financing structures in the Singapore film industry are partnerships and investment agreements. In addition, Singapore has co-production agreements and arrangements with Canada, Japan, Australia, New Zealand, Korea and China, as discussed below.

Co-Production

Singapore has bilateral co-production agreements and arrangements with Canada, Japan, Australia, New Zealand and Korea. Singapore's co-production agreements with these countries generally provide a formal framework for cooperation on films, television programs, animated productions, video games and other media projects. Individuals involved in the co-production must be citizens or permanent residents of the relevant countries.

The Singapore-Canada Audio Visual Co-production Agreement specifies that copyright ownership and revenue is to be proportionate to the co-producers' financial contribution. Further, live action shooting and animation works must be carried out either in Singapore or Canada.

Under the Singapore-Japan and Singapore-New Zealand Film Co-production Agreements joint production projects are eligible for funding from relevant funding sources in Singapore or Japan, and Singapore or New Zealand, respectively.

The Singapore-Korea Arrangement for the Co-production of Broadcasting Programmes promotes cultural diversity, encourages the co-production of films, establishes training and attachment programs and facilitates the sharing of information between the two countries.

The Singapore-Australia Co-production Agreement seeks to enhance cooperation between the two countries in the area of film, to expand and facilitate the co-production of films which may be conducive to the film industries of both countries and to the development of their cultural and economic exchanges.

The Singapore-China Film Co-production Agreement covers theatrical feature films and telemovies, cross live-action, animation and documentaries. It aims to spur greater industry collaborations between the two countries by facilitating filmmakers from both countries to pool resources and create a larger distribution network for the international market.

Partnership

The business structure in Singapore classifies a general partnership as a business firm, and therefore it is not considered to be a separate legal entity. Therefore, general partners share unlimited and joint liability for all debts incurred by the business.

Investment Agreement
A popular method of film financing in Singapore is the use of an investment agreement. Further, many of the government funding schemes require that the recipients sign an investment agreement with the Singapore government. The agreement specifies the proportion of financing provided by each investor and the distribution of revenue among the investors.

Tax and Financial Incentives

Government funding schemes
The Singapore government has introduced a number of schemes specially developed for film and television co-productions to encourage collaborations between Singaporean and foreign film and television industries. To help achieve the SMFP vision, Media Development Authority of Singapore (MDA)[1] will continue to anchor international media funds in Singapore and establish debt financing programs to support media enterprises and projects. The MDA will also develop incentives to attract financial and ancillary support services for media into Singapore.

"Film in Singapore" scheme
The "Film in Singapore" scheme, introduced in May 2004 by the Singapore Tourism Board (STB), hopes to encourage leading international film producers to shoot and produce quality films and television programs in Singapore. The scheme will subsidize up to 50 percent of the qualifying expenses incurred by foreign producers during their shoots in Singapore. The qualifying expenses include the hiring of local talent and production staff; post-production services; rental of production facilities and equipment; and airfare and accommodation. The scheme is granted for the projects based on the following criteria:-

1) Singapore must be showcased in a positive light in the script
2) Estimated budget of production costs to be incurred in Singapore
3) The track record of the director/producer/actors
4) The financing, marketing and distribution plan.

In addition to financial support, the STB and the MDA provide technical information and support on the application of permits and licenses; the sourcing of locations; and the hiring and rental of resources.

[1] Formed in 2003, the Media Development Authority of Singapore (MDA) plays a vital role in promoting the development of vibrant and competitive film, video, television, radio, publishing, music, games, animation and interactive digital media industries in Singapore.

Scheme for Co-investment in Exportable Content (SCREEN)

SCREEN is spearheaded under the MDA, and assesses co-funding arrangements for television production projects. Television production companies incorporated in Singapore with 30 percent shareholding by Singaporeans/Singapore Permanent Residents, and central management and control in Singapore are eligible to apply for this scheme. All rights and revenues are shared among all the investors in proportion to the investment amount.

International Film Fund (IFF)

The IFF was launched in 2009 to encourage Singapore production and post-production companies to take on executive producer and/or co-producer roles in international film productions, ranging from animation, live-action features and stereoscopic 3D content. Under the IFF, the MDA will co-invest, together with Singapore companies and other international partners and investors, in feature films that present opportunities for global reach and returns, under a co-sharing of rights and revenues arrangement.

New Feature Film Fund (NFFF)

The NFFF, administered by the Singapore Film Commission (SFC)[2], aims to provide emerging talents the opportunity to direct their feature film in collaboration with film production companies. The SFC has the option to contribute up to S$500,000 in investment for each selected feature film, or 50% of the production budget, whichever is lower. Under the NFFF, the SFC, together with the film production companies, will co-fund the film under a co-sharing of rights and revenues arrangement in proportion to each party's respective financial contributions.

Recognising that films produced by emerging Singapore directors require additional marketing assistance to reach out to local audiences, the SFC is prepared to provide up to an additional S$30,000 for advertising and promotion of the finished film within Singapore.

To qualify for this scheme, the applicants must be Singapore citizens or permanent residents, with a minimum 30 percent local shareholding, and with central management and control in Singapore. The film company must contribute (in cash investment or production services) equivalent to at least 20 percent of production budget.

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[2] The Singapore Film Commission (SFC) is an agency under the MDA that facilitates and assists film development for Singapore. Its key areas of focus are funding, facilitation and promotion.

Travel Assistance Programme
This scheme, administered by the MDA, aims to promote Singapore film and filmmakers internationally by supporting Singapore film talents (in particular directors and producers) to attend international film festivals and competitions when their completed films are selected for screening/awards. This scheme also aims to facilitate the participation and promotion of shortlisted Singapore films at international film festivals and competitions. All Singapore-based filmmakers who are Singapore citizens or permanent residents involved in creating the selected film can apply for this grant.

Applicants under the scheme are entitled to reimbursement of up to 100 percent of one economy class return air fare ticket to attend an international film festivals/competitions, subject to a certain cap (depending on the country to which the trip is made). The reimbursement is on per trip and per film title basis and an applicant may make a fresh application to the MDA for travel to another country to attend another international film festival/competition for the same film title. Each film title is subject to a funding cap of S$5,000 regardless of the number of trips made to attend international film festivals or competitions.

Other funding schemes
Other funding schemes provided by the SFC include the SFC Short Film Grant, SFC 35mm Fulfillment Fund, and SFC Script Development Programme. These schemes are available to all Singapore-based filmmakers who are Singapore citizens or permanent residents.

Other Financing Considerations

Exchange Controls and Regulatory Rulesv
Although the Exchange Control Act is still in force, all exchange controls have been removed since June 1978. There are now no restrictions on inward or outward remittances, whether capital or revenue. Banks have been asked to observe the Government's policy of discouraging the internationalization of the Singapore dollar when they consider granting credit facilities to non-residents. In addition, they must satisfy certain conditions and are required to report to the Monetary Authority of Singapore for any credit facilities exceeding S$5 million extended to any non-resident financial institutions.

Corporate Taxation

Recognition of Income

Singapore has a territorial basis of taxation where only income accruing in or derived from Singapore is subject to corporate income tax unless specifically exempt from tax. Income sourced outside Singapore is not subject to tax in Singapore unless the income is received in Singapore and not exempt from tax. In this regard, foreign-sourced income in the form of foreign dividends, branch profits and certain service income received in Singapore on or after 1 June 2003 are exempt from Singapore income tax under certain conditions.

The corporate income tax rate in Singapore is 17 percent[3] with effect from the year of assessment 2010 (i.e., financial year ending 2009). The effective tax rate is lower as a partial tax exemption is granted on the first S$300,000 of chargeable income where effectively, the first S$152,500 of chargeable income is exempt from tax. Newly incorporated companies may benefit from a full tax exemption for the first S$100,000 of chargeable income and 50 percent on the next S$200,000 of chargeable income in the first three consecutive years of assessment provided certain conditions are met.

Amortization of Expenditure

Deductions

Generally, expenses incurred in the production of income subject to Singapore income tax are allowed in arriving at the taxable income. Such allowable expenses include:

- Interest and qualifying borrowing costs on loans employed in acquiring income
- Rent payable in respect of any land or building or part thereof occupied for the purpose of acquiring the income
- Expenses for repairs of premises, plant, machinery or fixtures or for the renewal, repair or alteration of implements, utensils or articles employed in acquiring the income
- Specific bad and doubtful trade debts that occurred during the period. Conversely, debts that had been previously allowed as a deduction but are subsequently recovered must be included as income in the year the recovery takes place

[3] The rate of 17 percent may be reduced under tax incentives granted under the Income Tax Act (Chapter 134, 2008 Revised Edition) or Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86, 2005 Revised Edition). Tax incentive schemes offer concessionary rates ranging from zero to 15 percent.

- Compulsory contributions made by employers to an approved pension or provident fund or society for employees
- A reasonable share of head-office or regional-office expenses incurred overseas
- Research and development (R&D) expenditure incurred for any trade or business and for R&D undertaken in Singapore, expenditure incurred during the basis periods for the years of assessment 2009 to 2015 need not be related to the current trade

Expenses that are not incurred wholly and exclusively in the production of income, including expenses that are domestic, private and capital in nature, are not deductible for tax purposes.

Tax Depreciation/Capital Allowances

Tax depreciation (commonly referred to as capital allowances) is granted only in respect of capital expenditure incurred on the provision of plant and machinery used in a trade, business or profession (except where the expenditure is for the provision of plant and machinery for any R&D undertaken in Singapore, the plant and machinery need not be in use for the current trade). Plant and machinery is classified into working lives of 5, 6, 8, 10, 12 or 16 years for capital allowances purposes. As an alternative to claiming capital allowances over the prescribed working life, accelerated allowances can be claimed over three years (or over two years for capital expenditure incurred during years of assessment 2010 and 2011) for all plant and machinery. Some assets, such as computers and prescribed automation equipment (e.g., data processing equipment, data communications equipment, etc.), robots, power generators installed in a factory or office as back-up units in the event of power failures and efficient pollution control equipment can be written off in one year.

From years of assessment 2011 to 2015, as part of the Productivity and Innovation Credit (PIC) Scheme introduced in Budget 2010, expenditure incurred to acquire prescribed automated equipment can qualify for 400 percent allowance instead of 100 percent allowance subject to a certain expenditure cap, and 100 percent allowance on the balance expenditure exceeding the cap. The allowance is granted on due claim.

Amortization

Expenditures that are capital in nature are not deductible for Singapore income tax purposes. Such expenditures, whether expensed in full or amortized over a period of time in the accounts, are added back in the income tax computation. However, capital expenditures incurred between 1 November 2003 to the last day of the basis period for the year of assessment 2015 to acquire intellectual property rights (IPRs) for use in a company's trade or business may qualify for writing-down allowances on a straight-line basis over five years. This includes acquisition of IPRs relating to films. To qualify, the legal and economic ownership of the IPRs has to be with the Singapore company. For IPRs acquired on or after 17 February 2006, application can be made to the Economic Development Board (EDB) to waive the legal ownership requirement.

Where an approved Media and Digital Entertainment (MDE) company acquires approved IPRs pertaining to films, television programmes, digital animations or games, or other MDE contents for use in its trade or business, the writing-down allowances would be reduced from five years to two years. The accelerated writing-down allowances will be granted on an approval basis by the EDB for qualifying IPRs acquired during 22 January 2009 to the last day of the basis period for the year of assessment 2015.Approval is required in all instances, including where both legal and economic ownership of the IPRs for the MDE content are acquired.

From years of assessment 2011 to 2015, companies can claim enhanced writing-down allowances under the PIC Scheme, whereby expenditure incurred to acquire IPRs (other than EDB approved IPRs and IPRs relating to MDE contents) can qualify for 400 percent allowance instead of 100 percent allowance subject to a certain expenditure cap, and 100 percent allowance on the balance expenditure exceeding the cap.

Withholding Tax

Singapore withholding tax is applicable on certain payments made to non-residents of Singapore. The rate of withholding tax may be reduced in accordance with the provisions of the respective tax treaties.

Royalties

The term "royalties" as used in tax treaties generally includes payments of any kind received as consideration for the use of, or the right to use, any copyright, patent, trademark, design, model, plan, secret formula or process or for the use of, or the right to use, industrial, commercial or scientific experience. Some tax treaties extend such payments to the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematography films while other tax treaties specifically exclude these. The royalties arising in Singapore may be exempt from Singapore income tax or may be taxable at reduced rates, but reference should be made to the respective tax treaties.

In an effort to promote the arts in Singapore, an individual who is an author, a composer or choreographer, including a company in which the shares are wholly owned by the author, composer or choreographer, is subject to tax on income from royalties or other payments in relation to literary, dramatic, musical, or artistic work on the lesser of:

- The net royalty income after deduction of allowable expenses and wear and tear allowances
- Ten percent of the gross royalties

This tax concession does not apply to royalties or payment received in respect of any work published in any newspaper or periodical. This very attractive tax treatment also applies to royalties received by persons from recording, film or drama companies in Singapore.

Foreign Tax Relief

Foreign income earned by a Singapore company may be subject to taxation twice – once in the foreign jurisdiction, and a second time when the foreign income is remitted into Singapore. To help mitigate double taxation, foreign tax relief is granted to Singapore resident companies[4] by allowing them to claim a credit for the tax paid in the foreign jurisdiction against the Singapore tax that is payable on the same income. The types of foreign tax relief available are:

- Double taxation relief which is the credit relief given on foreign income derived from a foreign jurisdiction with which Singapore has concluded an Avoidance of Double Taxation Agreement ("tax treaty");

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[4] A company is a tax resident of Singapore if the control and management of its business is exercised in Singapore.

– Unilateral tax credit which is given on foreign income derived from a foreign jurisdiction with which Singapore does not have a tax treaty concluded, or where the foreign income is not covered in a limited tax treaty concluded between the foreign jurisdiction and Singapore.

Regardless of the type of foreign tax relief (be it double taxation relief or unilateral tax credit) claimed on any source of foreign income from any foreign jurisdiction, the amount of relief to be granted is restricted to the lower of the Singapore tax payable on net income (computed on a "source-by-source and country-by-country basis), and the actual foreign tax suffered.

With effect from the year of assessment 2012, Singapore resident companies may elect to pool the foreign taxes paid (including any underlying tax, where applicable) on any items of their foreign income, if certain conditions are satisfied. The amount of the foreign tax relief to be granted is based on the lower of the total Singapore tax payable on those foreign income and the pooled foreign taxes paid on those income.

Exemption of Foreign Source Income

In an effort to encourage the remittance of foreign-sourced income into Singapore, and to augment Singapore as a regional hub, Singapore resident companies receiving foreign income in Singapore in the form of foreign dividends, branch profits and service income on or after 1 June 2003 are exempt from Singapore income tax. The exemption is applicable if the following conditions are met:

i) The income is from a jurisdiction with a headline tax rate (i.e., highest corporate tax rate) of at least 15 percent

ii) The foreign income is subject to tax in the foreign jurisdiction from which the income is received, and

iii) The Inland Revenue Authority of Singapore (IRAS) is satisfied that the exemption is beneficial to the Singapore resident company.

Indirect Taxation

Goods and Services Tax (GST)

Singapore GST is a broad-based consumption tax implemented on 1 April 1994. Singapore operates a dual-rate GST system (i.e., standard-rate and zero-rate) with few exemptions. Supplies of goods and services made in Singapore by taxable persons (i.e., persons who are GST-registered or liable to be GST-registered) and imports of goods into Singapore are subject to GST at the prevailing standard rate of 7 percent[5]. A supply of goods is regarded as made in Singapore if the goods are physically located in Singapore at the time of supply. Otherwise, the supply is not within the scope of Singapore GST and regarded as an out-of-scope supply for GST purposes. A supply of services is regarded as made in Singapore if the supplier belongs[6] in Singapore.

Export of goods from Singapore and provision of international services as listed under section 21(3) of the GST Act are zero-rated (i.e., 0 percent). Sale and lease of residential properties and certain financial services (including life insurance and reinsurance) are GST exempt.

The sub-sections of section 21(3) of the GST Act that may be applicable to the film industry for zero-rating are as follows:

Section 21(3)(j) –	Services supplied under a contract with a person who belongs outside Singapore[7] and which directly benefit a person who belongs outside Singapore and who is outside Singapore at the time the services are performed, not being services which are supplied directly in connection with land/land improvements in Singapore or goods situated in Singapore at the time the services are performed, other than goods for export. This sub-section does not include any services comprising either of or both – (a) the supply of a right to promulgate an advertisement by means of any medium of communication; and (b) the promulgation of an advertisement by means of any medium of communication.

[7] A non-individual recipient of services would be regarded as belonging in Singapore if it has:

(a) a business establishment (e.g., a branch and agency) or some other fixed establishment in Singapore and no such establishment elsewhere;

(b) no such establishment in any country, but the supplier's usual place of residence (i.e., the place of incorporation or legal constitution) is in Singapore; or

(c) such establishments both in Singapore and elsewhere, but the establishment which is most directly concerned with the supply is in Singapore.

Section 21(3)(u) –	Services comprising either of or both – (i) the supply of a right to promulgate an advertisement by means of any medium of communication; and (ii) the promulgation of an advertisement by means of any medium of communication, where the Comptroller of GST is satisfied that the advertisement is intended to be substantially promulgated outside Singapore. This sub-section does not include any services comprising only of the promulgation of an advertisement by means of the transmission, emission or reception of signs, signals, writing, images, sounds or intelligence by any nature of wire, radio, optical or other electro-magnetic systems whether or not such signs, signals, writing, images, sounds or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception.

Generally, a person (including a corporation) who makes taxable supplies is liable to be registered for GST in Singapore if the value of taxable supplies has exceeded S$1 million in the current and preceding three quarters (i.e. a total of past 12 months) or is expected to exceed S$1 million in the 12 months then beginning. Supplies made by GST-registered film producers and distributors in Singapore would be taxable at the prevailing standard-rate of 7 percent unless they qualify for zero-rating. Input GST incurred on purchases by GST-registered film producers and distributors in the course or furtherance of their businesses of making taxable supplies or out-of-scope supplies which would be taxable if made in Singapore, can be credited against their output GST when they lodge their GST returns, except for input GST on purchases that are specifically disallowed under the GST legislation.

Supply of a Completed Film

The IRAS has not issued any guidelines on whether the supply of a completed film would be regarded as a supply of goods or a supply of services. Arguably, this is more likely to be a supply of services, as the supply of a completed film essentially is a sale of the rights to the film. The fact that the film is contained in a carrying media (e.g., disc or tape) should not affect the GST classification of the supply.

If the supply of a completed film is a supply of services, the supplier belonging in Singapore has to charge GST at the prevailing standard-rate of 7 percent on its supply of a completed film to another person belonging in Singapore. The supply of a completed film to a person belonging outside Singapore may qualify for zero-rating under section 21(3)(j).

Pre-Sale of Distribution Rights

A taxable supplier belonging in Singapore is required to charge GST at the prevailing standard-rate of 7 percent on pre-sale of distribution rights to another person belonging in Singapore. Pre-sale of distribution rights to a person belonging outside Singapore may qualify for zero-rating under section 21(3)(j).

Royalties

GST at the prevailing standard-rate of 7 percent is chargeable on the payment of royalty by a person belonging in Singapore to another taxable person belonging in Singapore.

The payment of royalty by a person belonging outside Singapore to a taxable person belonging in Singapore may qualify for zero-rating under section 21(3)(j).

Media Sales

Media sales where circulation is wholly or substantially outside Singapore can be zero-rated under section 21(3)(u) of the GST Act. Media sales refer to:

- the sale of advertising space for hardcopy print and outdoor advertisements
- the sale of advertising airtime for broadcasting
- the sale of media space for web advertising in other digital media

Peripheral Goods and Merchandising

Local sale of peripheral goods and merchandising (such as books, magazines, clothes and toys) relating to the distribution of a film is standard-rated. Exports of peripheral goods and merchandising can be zero-rated provided that the supplier maintains the requisite export documents.

Promotional Goods or Services

Local sale of promotional goods is standard-rated while exports can be zero-rated where the supplier maintains the requisite export documents.

Generally, where promotional goods are given away without any consideration, deemed output tax needs to be accounted for if the gift costs more than S$200 or if the gift costs S$200 or less each, but a series of more than two gifts is made to the same person in one quarterly prescribed accounting period.

Promotional services supplied by a taxable person belonging in Singapore are standard-rated if the supply is made to a customer belonging in Singapore. Promotional services supplied by a taxable person belonging in Singapore to a person belonging outside Singapore may qualify for zero-rating under section 21(3)(j).

Imports of Goods

GST is chargeable at the prevailing standard-rate of 7 percent on the importation of goods into Singapore regardless of whether the importer is a taxable or non-taxable person. The import GST is collected by Singapore Customs from the importer at the point of importation. The burden of the payment of import GST falls on the importer and not the exporter from the country of origin or export.

Import GST is levied on the aggregate value of CIF (Cost, Insurance, Freight), customs duties payable (if any), commission and other incidental charges. The import value if shown in foreign currency should be converted to Singapore dollars by using the prevailing Customs exchange rate. Importers should also note that for the import of film, GST is chargeable on both the value of imported content and the value of the carrying media.

Import GST is not payable if the goods are granted imports relief. Notably, under numbers 22 and 27 of the GST (Imports Relief) Order, import relief is granted to the temporary import of professional equipment and stage effects, equipment, paraphernalia and life animals required for performances.[8]

Non–GST-Registered Producer

Non–GST-registered film producers and distributors need not collect GST for the supplies made in Singapore but they are unable to recover their input GST incurred in Singapore and on imports into Singapore.

Customs Duties

Goods imported into Singapore are not subject to customs duties except for the following four groups of dutiable goods: petroleum products; intoxicating liquor; tobacco products; and motor vehicles.

Personal Taxation

General Taxation Rules

In general, only income accruing in or derived from Singapore (i.e., Singapore-sourced income) is subject to tax in Singapore unless specifically exempt from tax. A resident individual is exempt from tax on foreign-sourced income received in or remitted to Singapore, unless received through a Singapore partnership. A resident individual is a person who normally resides in

[8] Conditions for the import relief apply.

Singapore and includes a person who is physically present in Singapore or who exercises employment (other than as a director of a company) in Singapore for at least 183 days in any calendar year.

Resident individuals are assessed to tax on their income, after deduction of personal tax reliefs, at graduated rates that range from zero to 20 percent. For the year of assessment 2011 (i.e. calendar year 2010), a personal income tax rebate of 20%, up to a maximum of S$2,000 is granted. Resident individuals are also entitled to benefits conferred under the Avoidance of Double Taxation Agreements that Singapore has concluded with treaty countries.

Non-resident individuals are not entitled to personal tax reliefs and treaty benefits. They are generally subject to tax at:

- a flat rate of 15 percent or at resident rates, whichever gives rise to higher tax, on employment income in respect of employment exercised in Singapore (other than as a director or public entertainer) for 61[9] to 182 days in a calendar year;
- a flat rate of 15 percent on gross income (or 20 percent on net income if option is exercised) from services performed in Singapore arising from profession or vocation (other than as a public entertainer);
- a flat rate of 15 percent or 10 percent on gross income from services performed in Singapore as a public entertainer;
- a flat rate of 20 percent (unless specifically exempt or subject to a reduced tax rate) on other Singapore-sourced income (including directors' remuneration).

Public Entertainers

A public entertainer refers to a stage, radio or television artist, a musician, an athlete or an individual exercising any profession, vocation or employment of a similar nature. A public entertainer would however exclude administrative or support staff (e.g., camera operators, producers, directors, choreographers, technical staff, etc.).

Public entertainers are assessed to tax on income derived from the exercise of their profession, vocation or employment in Singapore. Taxable income subject to tax would include professional fees, allowances and benefits-in-kind (e.g., prize monies, per diem, food, tax borne by the payer, etc.). As a concession, accommodation provided for 60 days or less in a calendar year and the cost of airfare borne by the local payer are not considered taxable income. Expenses, which are wholly and exclusively incurred by the public entertainer in the production of income, are tax-deductible.

[9] Employment income is exempt for short term employment of 60 days or less in a calender year.

Non-resident public entertainers are subject to a withholding tax of 15 percent on his/her gross income (or 10 percent if the income is due and payable during the period from 22 February 2010 to 31 March 2015) from services performed in Singapore. Tax exemption for short-term employment of 60 days or less in a calendar year does not apply.

Resident public entertainers are assessed to tax on their income, after deduction of personal tax reliefs, at graduated rates.

Non-Public Entertainers (i.e., administrative and support staff)
Non-public entertainers (i.e. administrative and support staff) are also assessed to tax on income derived from the exercise of their profession, vocation or employment in Singapore. If they are resident individuals, they are generally subject to tax on their income, after deduction of personal tax reliefs, at graduated rates. If they are non-resident employees, they are subject to tax on employment income at 15 percent or resident rates, whichever gives rise to higher tax. Income attributable to the exercise of employment for not more than 60 days by a short-term visiting employee is exempt from tax.

For non-public entertainers who are exercising profession or vocation in Singapore for less than 183 days in a calendar year, they are subject to tax at 15% of their gross income (inclusive of expenses borne by the local payer). They are however allowed to exercise an irrevocable option to be taxed at 20% of their net income. Under this option, if their stay in Singapore is 60 days or less in a calendar year, the cost of airfare and accommodation borne by the local payer is not taxable as a concession.

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