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**Singapore – Changes to
Tax Treatment of Travel
Expense Payments**

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flash Alert

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The Inland Revenue Authority of Singapore (IRAS), beginning 1 January 2016, will implement new tax treatment of travel expense payments for non-resident employees who are based outside of Singapore and travel to Singapore for business.

Why This Matters

The new tax rules mean that employers do not need to report non-taxable subsistence allowances (i.e., the acceptable per diem rate and accommodation provided) for non-resident employees on business trips. Also, there is no longer a withholding tax obligation for subsistence allowances provided to non-resident directors. However, for other remuneration, tax clearance and reporting requirements still remain in effect.

Background

In general, a non-resident employee is subject to tax on the employment income attributable to business trips to Singapore. An exemption from tax is, however, available where the trips do not, in aggregate, exceed 60 days of short-term employment in Singapore in a calendar year. The 60-day exemption does not apply to non-resident company directors and non-resident public entertainers.

Per diem allowances received by the employee, accommodation provided in Singapore (e.g., hotel or serviced apartment), and any reimbursed expenses of a private nature are regarded as taxable remuneration. A per diem allowance is intended to cover certain living expenses for subsistence purposes (e.g., meals, transport, laundry, etc.) incurred during a business trip, but excludes accommodation.

New Treatment of Per Diems by IRAS

Under the new rules, IRAS will determine an "acceptable rate" for a per diem allowance that can be received by non-resident employees, directors, and entertainers without being taxed. Amounts paid at this rate or below will not trigger taxation of the allowance in Singapore, and if the amount paid is greater than this rate, only the excess will be taxable in Singapore.

KPMG Note

The new treatment for non-resident business visitors to Singapore is similar to the existing practice for Singapore-based employees who travel outside Singapore for business purposes.

In addition, under the new treatment for business visitors to Singapore, allowances received for the purposes of subsistence (up to the acceptable rate for per diem), travelling, conveyance, or entertainment will not be taxable. Any per diem in excess of the IRAS acceptable rate would be taxable. Therefore, employers should review their corporate per diem policy against the IRAS per diem rates to make sure they are correctly reporting income tax.

For more details, see "[New Tax Treatment – Non-resident Employees on Business Trips to Singapore](#)," a publication of the KPMG International member firm in Singapore.

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