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Singapore – Few Tax Changes for Individuals in Budget 2016

by KPMG Services Pte Ltd, Singapore (KPMG in Singapore is a KPMG International member firm)

Singapore's finance minister delivered the 2016 Budget Statement on 24 March 2016.[1] The budget contained few proposals affecting individuals; however, there were proposals to enhance the personal tax system's progressivity and to phase out the tax concession of employer-provided home leave travel for expatriate employees.

Why This Matters

The cap on total reliefs that can be claimed by a taxpayer and the removal of the 20-percent tax concession on employer-paid air passages to an expatriate's home country will have the impact of raising the tax burden on individuals subject to Singapore taxation who have heretofore benefitted from the existing rules. Limiting the total relief that can be claimed and subjecting the provision of home leave by employers to full income taxation could raise international assignment costs for employers with assignees working in Singapore.

Cap on Personal Income Tax Reliefs

To enhance the progressivity of the personal tax system, the total amount of personal income tax reliefs that a resident individual can claim will be capped at S$80,000 per year of assessment (YA).

The change will take effect from YA 2018.

Tax Concession for Employer-Provided Home Leave Passages

An expatriate employee (i.e., non-citizen or non-permanent resident of Singapore) is only taxed on 20 percent of the cost of employer-provided air passages to his or her home country, limited to one passage each per year for the employee and spouse, and two passages per year for each qualifying child.

This concession will be withdrawn from YA 2018.

Footnote:

1 For the budget speech and related documentation, see: http://www.singaporebudget.gov.sg .

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For a complete analysis of the Budget, see "Singapore Budget 2016: Partnering for the Future," a publication of the KPMG International member firm in Singapore.

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The information contained in this newsletter was submitted by the KPMG International member firm in Singapore.

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