

Bulk Extension Requests for Year of Assessment 2008 (2007 calendar year)

The Inland Revenue Authority of Singapore (IRAS) has recently announced the extended filing deadlines for individual income tax returns (Form B/ B1/M) for the Year of Assessment (YA) 2008 for bulk extension requests by tax agents on behalf of their clients.

Tax Filing Deadline for Form B/ B1/M

The statutory deadline for filing the individual income tax return is 15 April, 2008 for YA 2008 (2007 calendar year).

Extension of Time to File Form B/ B1/M

The IRAS has advised that the final extended deadline for individual income tax returns for bulk extensions is as follows:

Local taxpayer: 30 June, 2008

Foreigners: 30 July, 2008

Local taxpayers would include individuals who hold Singapore Permanent Resident status. No further extensions will be granted beyond these dates, effective this year. In prior years, it was possible to extend the filing deadlines beyond the above dates subject to IRAS approval.

Details Required for Submitting Extension Request

When submitting an extension request, Estimated Chargeable Income (ECI), as reasonably accurate as possible, must be provided. If YA 2008 ECI is lower than 110% of chargeable income (CI) for YA 2007, an explanation must be furnished to the IRAS with the bulk extension request. The IRAS reserves the right to raise an estimated assessment different from the furnished ECI if they do not accept the explanation.

Late extension applications will not be accepted and penalties may be imposed if the tax returns are not received by the 15 April, 2008 filing deadline.

Not Ordinarily Resident (NOR) Applications

All NOR applications must be submitted with the tax returns by the bulk extension deadline given. Late applications will not be accepted. For clearance cases, the deadline for NOR application is tied to the bulk extension deadline for filing tax returns.

KPMG Observation

With the more stringent filing deadlines, employers, taxpayers and tax agents must work together and take great care in ensuring the filing deadlines are met. Failure to timely submit tax return or extension request will for example result in the IRAS's disallowance of the NOR concessions exposing the taxpayer to an increased tax liability as well as penalties.

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Tax Clearance for Foreign Employees



The IRAS has recently increased its scrutiny of employer's compliance with Form IR21 "Notification of a Non – Citizen Employee's Cessation of Employment or Departure From Singapore".

What is Tax Clearance?

Written notice (Form IR21) must be given at least one month before a non-Singapore citizen employee ceases to be employed, although the IRAS may accept a shorter reasonable notice. If the employee is a Singapore permanent resident who is merely changing jobs and not leaving Singapore permanently, notification would not be required.

Notification must also be given when the non-Singapore citizen employee intends to leave Singapore for a period of more than three months. Notice must be given at least one month before departure, although a shorter reasonable period may be accepted. However, if the non-citizen employee is away from Singapore for training or business purposes for three to six months (excluding overseas posting), notification would not be required.

Employers are required to withhold all monies (including overtime pay, leave pay, allowances for transport, entertainment, gratuities and lump sum payments, etc) due to the employee from the day he notifies of his intention to cease employment or when the employer decides to terminate the employment or post the employee overseas. Payment should not be released to the employee until tax clearance is given or upon the expiry of 30 days after the IRAS has been notified through Form IR21, whichever is earlier.

Failure to Comply

If an employer is not able to provide one month's notice, an explanation must be furnished with the filing of Form IR21. Unless the IRAS accepts a shorter notice, employers who fail to comply may be liable to a fine not exceeding S\$1,000.

If an employer fails to withhold and does not provide valid reasons, the company may be held liable for the tax owed by the employee.

KPMG Observation

Meeting the tax clearance filing requirements for companies can be daunting. Often foreign employees receive remuneration and benefits-in-kind from various sources and few companies have access to this data through a single payroll or human resource information system platform. As a result of increased IRAS scrutiny, companies should revisit their payroll reporting processes to ensure compliance with the tax clearance regime.

Contact us

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B J Ooi

Executive Director, Head of IES
Tel: +65 6213 2657
boonjinooi@kpmg.com.sg

Dennis McEvoy

Executive Director
Tel: +65 6213 2645
dennismcevoy@kpmg.com.sg

KPMG Tax Services Pte Ltd International Executive Services (IES)

16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel: +65 6213 3388
Fax: +65 6223 1013

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