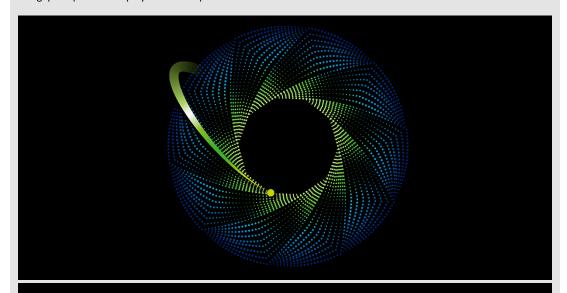
Deloitte.



Singapore | Global Employer Services | 25 March 2022



Mobility, Payroll & Immigration

Singapore—2022 budget changes

Greetings from your Tax & Legal team at Deloitte Singapore. We hope that you and your loved ones are staying safe and healthy despite these challenging times. As we navigate ourselves through this trying period, we are committed to giving you the support you need.

We are pleased to update you on the following:

Changes in personal income tax rates with effect from YA 2024 (income year 2023)

Currently, the top marginal personal income tax (PIT) rate in respect of a resident individual is 22% for chargeable income exceeding SG\$320,000 per annum. The rate of 22% also applies to Singapore-source income (other than employment income) derived by a non-resident of Singapore.

The Minister has proposed the following changes to the PIT rates with effect from year of assessment (YA) 2024:

- An increase in the marginal tax rate from 22% to 23% for annual chargeable income exceeding SG\$500,000 and up to SG\$1 million; and
- An increase in the marginal tax rate from 22% to 24% for annual chargeable income exceeding SG\$1 million.

With the above, the top marginal tax rate for a resident individual will be increased from 22% to 24%. Similarly, the rate of 24% will apply to other Singapore-source non-employment income derived by a non-resident individual with effect from YA 2024.

Extension of the withholding tax (WHT) exemption for non-resident mediators (NRMs) and non-resident arbitrators (NRAs)

Currently, non-resident professionals are subject to WHT at 15% of gross income from their profession. However, they may also elect to be taxed at 22% of their net income. As a concession, the income derived by NRMs from mediation work carried out in Singapore from 1 April 2015 to 31 March 2022 is exempt from tax, subject to conditions. In addition, the income derived on or after 3 May 2002 by NRAs from arbitration work carried out in Singapore is also exempt from tax, subject to conditions. The WHT exemption is scheduled to lapse after 31 March 2022.

The Minister has proposed that the WHT exemption be extended until 31 March 2023.

From 1 April 2023, gross income derived by NRMs from mediation work and NRAs on arbitration work carried out in Singapore will be subject to a concessionary WHT tax rate of 10% until 31 December 2027, subject to conditions. NRMs and NRAs may alternatively elect to be taxed at 24% of net income with effect from YA 2024.

Increase in senior workers central provident fund (CPF) contribution rates

The Minister has proposed that the employer and employee CPF contribution rates for Singaporean and Singapore permanent resident workers ages above 55 to 70 be increased on 1 January 2023, by 1.5% to 2%, as follows:

Worker's age	Employer CPF contribution rate	Employee CPF contribution rate
Above 55 to 60	14.5%	15%

Above 60 to 65	11%	9.5%
Above 65 to 70	8.5%	7%

Deloitte Singapore's view

- The change in the top marginal tax rate was last made in YA 2017 (income year 2016). With the expectation that substantial funding would be required for the various initiatives to transform the Singapore economy, as well as in anticipation of burgeoning future health care expenditures due to the aging population, an increase in tax rates seems inevitable. However, as the two additional tax bands and an increase in the top marginal rate will apply to chargeable income exceeding SG\$500,000 per annum, the change is generally only expected to impact the top income earners. This is aligned with the objective of making our PIT regime more progressive.
- Given that the WHT exemption for NRMs and NRAs has served its objectives to build Singapore as an international mediation and arbitration centre, now is an appropriate time to remove the tax exemption. A one-year extension will allow time for grandfathering the schemes.
- The increase in CPF contribution rates for senior workers is in line with the
 government's efforts to strengthen support for the older workers as they
 plan for their retirement, as well as to encourage them to continue to stay
 employed.

Contacts

Should you have any comments or questions arising from this newsletter, please contact either the listed contacts below, or any member of the Singapore Tax & Legal team.

Global Employer Services

Sabrina Sia Jill Lim Leader Partner

Deloitte Southeast Asia Deloitte Singapore

+65 6216 3186 +65 6530 5519 <u>ssia@deloitte.com</u> <u>jilim@deloitte.com</u> Christina KarlDion ThaiPartnerPartner

Deloitte Singapore Deloitte Singapore

+65 6800 3997 +65 6800 3986 <u>ckarl@deloitte.com</u> <u>dthai@deloitte.com</u>

Joanne Lee Michele Chao

Partner Partner

Deloitte Singapore Deloitte Singapore

+65 6530 8042 +65 6216 3387

joalee@deloitte.com micchao@deloitte.com

Legal services

<u>Deloitte Legal International Pte. Ltd. (a licensed Foreign Law Practice)</u> and <u>Sabara Law LLC</u> are members of Deloitte Legal, which is the international network of legal practices working with Deloitte all over the world.

Deloitte Legal International Pte. Ltd. and Sabara Law LLC provide only legal services; and are legally separate and independent from other Deloitte entities.

Foreign Law Practice Singapore Law Practice

Deloitte Legal International focuses on Sabara Law LLC focuses on Singapore

international cross-border legal matters Law matters.

under English and local law across

Southeast Asia.

Rashed Idrees Joanna Yap

Managing Director Managing Director
Deloitte Legal International Pte. Ltd. Sabara Law LLC

+65 6800 2775 +65 6800 4639

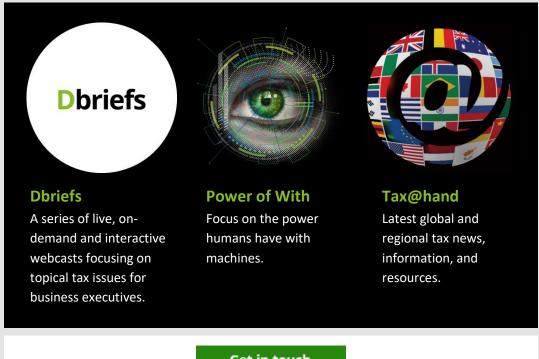
<u>ridrees@deloittelegal.com.sg</u> <u>joayap@sabaralaw.com.sg</u>

This GES NewsFlash information is also included in our biweekly GES newsletter, Global InSight, which you will receive directly if you are on the central distribution list.

If you are not on the central distribution list and received this communication by

some other means, you can subscribe to Global InSight by clicking here.

Be sure to visit our website www.deloitte.com/sg/tax.



Get in touch









Deloitte Singapore | Add Deloitte as safe sender

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Singapore

In Singapore, tax and immigration services are provided by Deloitte Tax Solutions Pte. Ltd. and other services (where applicable) may be carried out by its affiliates.

Deloitte Tax Solutions Pte. Ltd. (Unique entity number: 202008330C) is a company registered with the Accounting and Corporate Regulatory Authority of Singapore.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2022 Deloitte Tax Solutions Pte. Ltd.