SINGAPORE: Tax aspects of response to COVID-19

As the world faces an extraordinary health and economic crisis, Singapore Government has introduced a series of relief measures, in order to maintain economic stability and resilience of Singapore enterprise.

An overview of tax impact of response to COVID-19 is highlighted below:

Residency or taxable presence related reliefs

- Even if directors' meetings cannot be held in Singapore due to COVID-19 situation, Singapore **tax residency** for companies in YA 2021 will remain same as in YA 2020, provided their economic circumstances remain the same
- Temporary unplanned physical presence of foreign companies' employees in Singapore, in the year 2020 (for up to 183 days), due to COVID-19 travel restrictions, will not result in **permanent establishment (PE)** implications, provided the foreign company had no PE in Singapore in YA 2020 and its economic circumstances remained same
- Employment income of **individuals working** for overseas employers, who are now working **remotely** from Singapore, will **<u>not</u>** be taxable in Singapore for the specified period

Factoring tax in your COVID-19 response

- Rationalisation of the entity structures, businesses or transactional structures must factor in tax impact
- Evaluate loss carry back relief and group relief for mitigating tax outflow
- Re-evaluate their **transfer pricing arrangements** where actual economic circumstances warrants
- Due disclosure of government's solidarity grants in the accounts for appropriate tax treatment

Compliance reliefs

Various compliance deadlines for income tax, corporate tax, WHT and GST extended.

Dinesh Kanabar
CEO
E mail: dinesh.kanabar@dhruvaadvisors.com

Mahip Gupta
Partner
E mail: mahip.gupta@dhruvaadvisors.com