



Back to Basics

- Payroll

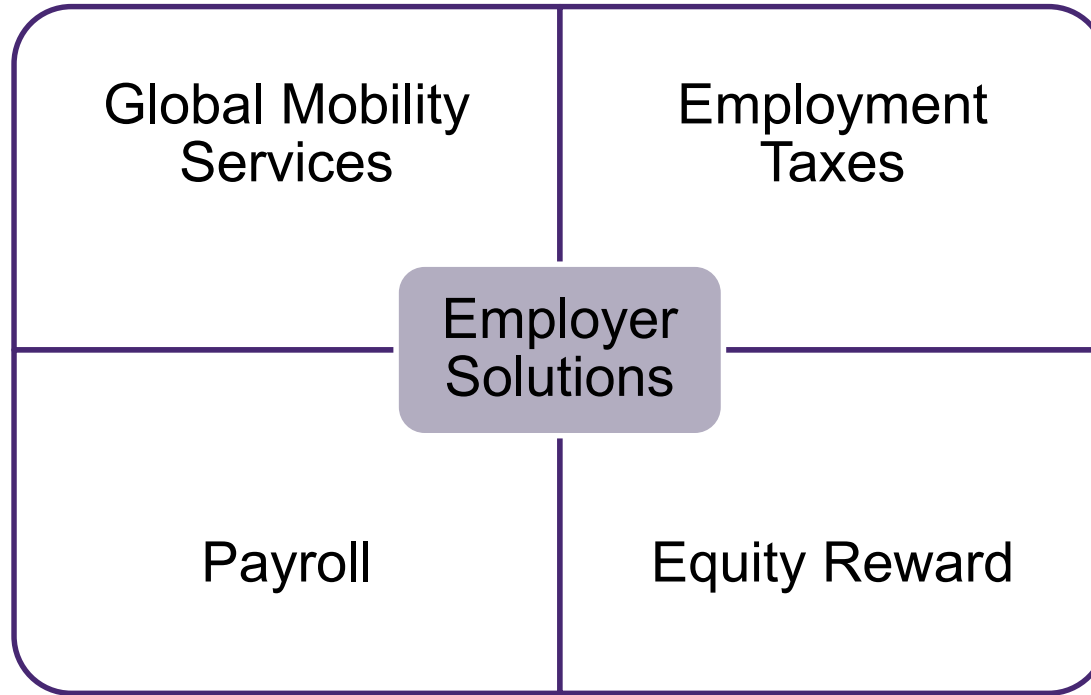
Employer Solutions

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Introduction





Agenda

- Introduction
- Employer's employment tax obligation
- Common reporting errors on form IR8A and IR21
- Employees on overseas assignment
- Frequent business travellers – what to do
- Payroll health-check and voluntary disclosure programme
- Summary
- Q & A



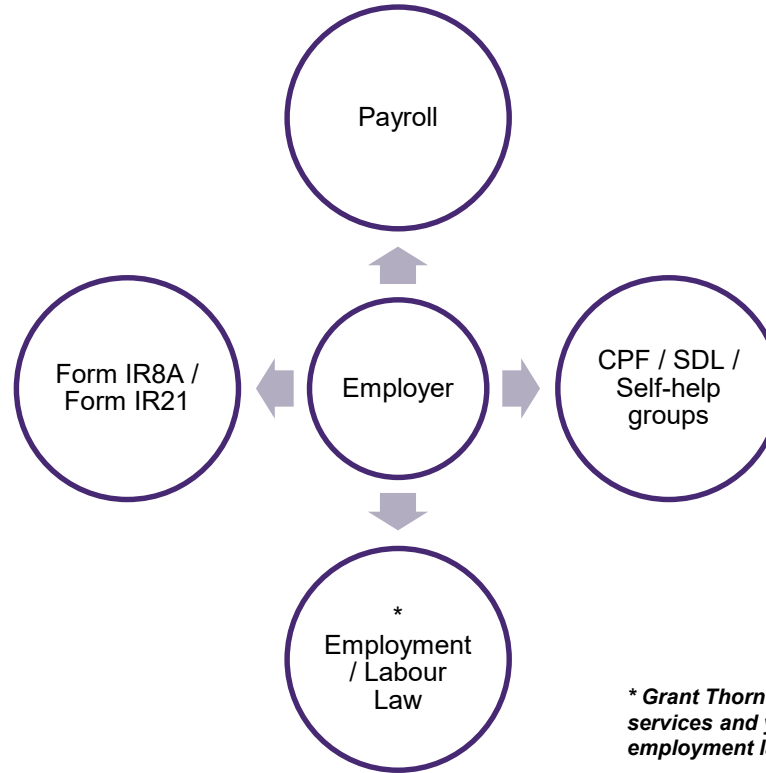
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Do you know what your payroll responsibilities
as an employer are?

”



Employer's obligation on employee's income



**** Grant Thornton Singapore does not provide legal services and you should seek assistance from an employment law lawyer***



Payroll and deductions

- Payslips
- CPF
- Skills Development Levy
- Self-help groups
- Due dates
- Penalties



“

My expatriate employees receive a monthly payslip from their home country so there is no need for me to issue a Singapore compliant payslip.

True | False | Don't know

”



Form IR8A – Return of Employee’s Remuneration

- **For which employees**
 - All employees exercising employment in Singapore
 - Employees posted overseas (not incidental to Singapore employment)
- **Due date**
 - 1 March
- **Auto-inclusion scheme**
 - 8 or more employees
 - Notice to File Employment Income of Employees Electronically
- **What to include**
 - All gains and benefits derived from employment
- **Penalties for non-compliance**
 - Fine not exceeding SGD 1,000
 - In default of payment – imprisonment for a term not exceeding 6 months



Form IR21 – Notification of a noncitizen employee’s cessation of employment or departure from Singapore

- **For which employees**
 - Non-Singapore citizen employees
 - Ceasing employment / changing employer / posted overseas / departing Singapore for 3 months or more
- **Due date**
 - One month before cessation date or departure date from Singapore, whichever is earlier
- **Deemed exercise rule**
 - Stock options / share awards granted while in Singapore
 - Reassessment of deemed gains
- **Withholding of monies**
 - When to withhold
 - How much to withhold



Form IR21 – Notification of a noncitizen employee’s cessation of employment or departure from Singapore

- **What to include**
 - Employment details (date of commencement, cessation, monies withheld, reasons if no withholding, personal particulars)
 - All gains and benefits
- **Additional income paid after cessation**
 - Do I need to report
 - Do I need to withhold
 - When to file
- **Penalties for non-compliance**
 - Impose late filing fee of up to SGD 1,000
 - Summons to appear in court
 - Employee’s liability



“

What are some common reporting errors?

”



“

My expatriate employees are fully paid overseas and since nothing is paid in Singapore, I don't have to report any income in the Form IR8A. The employees can file their income in their tax return.

True | False | Don't know

”



“

One of my local employees will be leaving the country for 4 months to provide maternity cover in the UK. He is a Singapore Permanent Resident and he continues to be paid in Singapore with CPF deducted. I do not need to seek tax clearance.

True | False | Don't know

”



“

I just learnt from my expatriate employee that he has received gains from stock options and as he received the gains whilst in Singapore, I am going to report that in the Form IR8A.

True | False | Don't know

”



Common errors

- Payroll incorrect for new employees who joined during the month
- CPF not applied correctly on wages / incorrect rates applied for Singapore Permanent Residents
- Incorrect classification of wages for CPF purposes
 - Ordinary wages
 - Additional wages
- Benefits / off-payroll payments not reported in Form IR8A
- Reporting overseas wages

Dealing with foreigners, expatriates or business travellers

- Income/benefits paid or received overseas
- Tax borne by employer
- Tax clearance
- Pre/Post-assignment income



“

Considerations for employees on
overseas assignment

”



“

I am sending a Singapore Permanent Resident for an overseas assignment, and I need to continue with CPF contributions since he is a Singapore Permanent Resident.

True | False | Don't know

”



What to consider when sending employees overseas

Singapore citizens

- Form IR8A
- Income attributable to Singapore employment
- Gains from stock options / share awards granted while exercising employment in Singapore
- CPF obligations

Non-Singapore citizens

- Tax clearance
- Withhold monies
- Deemed exercise rule
- Income post cessation (trailing income)
- CPF obligations



What to consider when employees are sent into Singapore

- Payroll and filing obligations
 - Are there any exemptions available?
- Tax on tax
- What is reportable in Singapore?





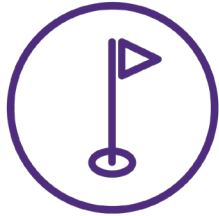
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Frequent business travellers
– what are the risks?

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Challenges and Risks



- **Challenges**

- Tracking
- Declaration
- Employer's responsibilities
- Employee's responsibilities



- **Risks**

- Double taxation
- Non-compliance
- Fines and penalties



Frequent business travellers – outside Singapore

- Incidental to Singapore employment
- Singapore income will be fully reportable in Singapore
- Per diems?
- Business days outside Singapore may attract tax in the foreign countries
- Double taxation
 - Tax exemption available?



Frequent business travellers – into Singapore

- Employment income attributable to Singapore business days subject to Singapore tax
- **Form IR21 requirements**
 - What to include
 - Who is responsible to file
 - When to file
- **Double taxation**
 - Claim for Tax Treaty Exemption
 - Certificate of Residence
 - Relief in home country?



“

Payroll Health Check and Voluntary Disclosure Programme

”



“

Have you previously conducted a payroll health check?

Yes | No | Not sure

”

Why should you be concerned?

IRAS
3,625 followers
1mo


Generally, overseas income received in Singapore is not taxable and does not need to be declared. This includes overseas income paid into a Singapore bank account. However, this does not include income received from outside Singapore obtained through partnerships in Singapore or overseas employment that is incidental to your employment here. More info: <https://lnkd.in/fvZQxj>

FAQ
Do I have to declare my income from outside Singapore?



IRAS
3,625 followers
1mo

#TaxCrime Between 2009 and 2013, she declared only S\$444,633 in her income tax returns, when the net income earned through her recruitment firm was S\$1,748,058. [...see more](#)



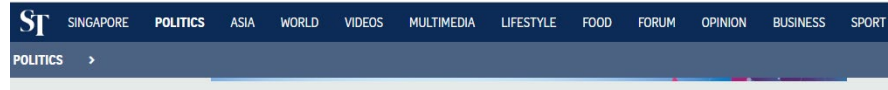
Pauline Tan • 2nd
Business Development Manager at Staffing Network - Executive Search / Recruitment
Singapore

Staffing Network - Executive Search / Recruitment
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Recruitment firm owner must pay S\$344,000 penalty for evading tax over five years
channelnewsasia.com

Why should you be concerned?

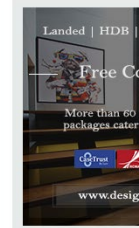


Taxman to get greater powers to investigate crimes



Inland Revenue Authority of Singapore officers will soon have the power to enter premises by force or arrest someone without a warrant if the situation meets certain conditions. PHOTO: ST FILE

© PUBLISHED OCT 3, 2018, 5:00 AM SGT



ST VIDEOS





Why should you be concerned?

- **Cash Rewards for Informant**
 - A reward based on 15% of the tax recovered, capped at \$100,000, will be given to informants if the information and/or documents provided lead to a recovery of tax that would have otherwise been lost. All payments are at the discretion of the Comptroller. IRAS will ensure that the identities of informants are kept strictly confidential.



Enforcement Actions – errors in tax returns



- Without intention to evade taxes
 - Penalty of up to **200%** of the amount of tax undercharged;
 - Fined up to **SGD 5,000**; and/or
 - **Imprisonment up to 3 years**
- With intention to evade tax
 - Penalty of up to **400%** of the amount of tax undercharged;
 - Fined up to **SGD 50,000**; and/or
 - **Imprisonment up to 5 years**



Payroll health-check – scope

- Comprehensive review of
 - Employment contracts
 - Benefits policies (social security, benefits-in-kind)
 - Equity policies (stock options, share awards, employee share purchase plans, etc)
 - Payroll / pay statements
- Past years and current records
- Analyse financial impacts
 - Income under-reported
 - Tax underpaid
 - Potential penalties





Payroll health-check – benefits

- Assurance that payroll process and employment income reporting is in order
- Awareness of issues / potential issues
- Quantify exposures
- Remedial actions as appropriate
- Commitment to be compliant
- Ready for disclosure



Voluntary Disclosure Programme

- IRAS takes strong deterrent action against those who deliberately commit tax crimes including omission or under declaration of income.
- Honest mistakes vs tax evasion
- Significant impact between those who qualify vs those who do not qualify
- Fines, negative publicity and possible imprisonment



Voluntary Disclosure Programme

Voluntary Disclosure Programme

* before a query, audit or investigation

- Made **within 1 year (grace period)** from statutory filing deadline
 - **No penalty imposed**
- Made **after** grace period
 - Reduced penalty of **5%** of tax undercharged

Audit / Investigation

- Penalty of up to **400%** of the amount of tax undercharged;
- Fined up to **SGD 50,000; and/or**
- **Imprisonment up to 5 years**
- Name and shame
 - Individuals who assist in wilful intent to evade taxes will also be charged

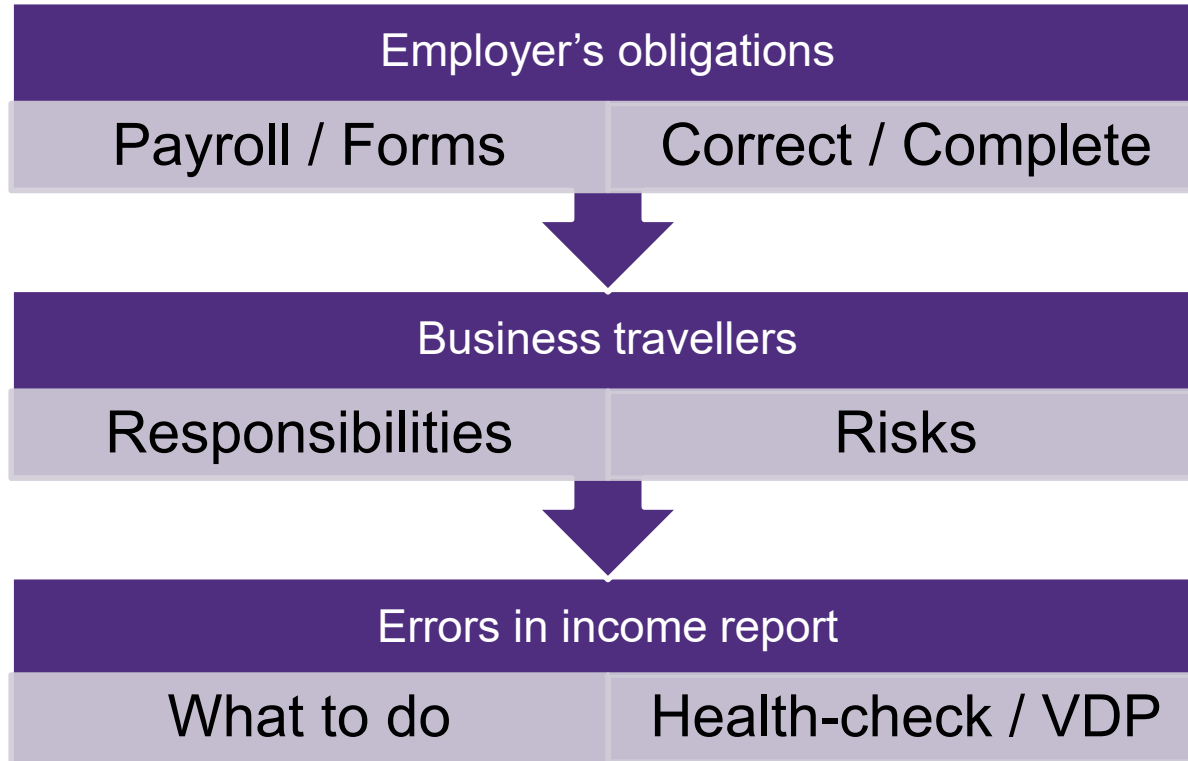


Voluntary Disclosure Programme – how to qualify

- Timely, accurate, **complete** and most importantly **self-initiated**
- Demonstrate co-operation with the IRAS to correct mistakes
- Willing to pay additional taxes and/or penalties imposed
- Before IRAS issues a query, audit or investigation
- Tax evasion is excluded from VDP



Summary



Thank you

Questions



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