**Singapore’s withholding tax regulations[[1]](#footnote-1): BP2 – Standardise grant of relief at source**

***Domestic deemed source provisions under the Income Tax Act 1947 (ITA)***

* Section 12(6) - Interest and other payments in connection with Loan/ Indebtedness (Refer to **Annex A**)
* Section 12(7) - Royalties, Know-how Fees, Technical Fees, Management Fees, Rent or Other Payments for the Use of Movable Property (Refer to **Annex B**)
* Deem to be sourced in Singapore under certain circumstances and withholding tax requirement under S45/45A applies (Refer to **Annex C** and **Annex D**)

***Withholding tax provisions – Section 45/45A of ITA***

* Payer is to withhold tax on section 12(6) and (7) payments to non-residents, failing which payer is owing a debt to Singapore government and tax is recoverable from payer; and
* Give notice to IRAS of the deduction of tax (using electronic service); and
* Pay withholding tax to IRAS by the 15th of the 2nd month from date of payment to non-resident, failing which guilty of offence (penalty of up to 3 times tax, fine of not exceeding SGD 10,000 and imprisonment not more than 3yrs)
* 5% penalty applies if tax is not paid to IRAS by 15th of 2nd month and 1% penalty for each subsequent month

***Administrative practice***

For more information on Singapore’s administrative practices in Withholding tax, please refer to the following links:

* Overview of Withholding tax: <https://www.iras.gov.sg/taxes/withholding-tax/basics-of-withholding-tax/overview-of-withholding-tax-(WHT)>
* Types of Payment and Withholding tax rates: <https://www.iras.gov.sg/taxes/withholding-tax/basics-of-withholding-tax/types-of-payment-and-withholding-tax-rates>
* Certificate of Residence: <https://www.iras.gov.sg/taxes/individual-income-tax/basics-of-individual-income-tax/tax-residency-and-tax-rates/apply-for-certificate-of-residence>

**Annexes**

| **Annex** | **Extract** |
| --- | --- |
| **A** – ITA Section 12(6) | ***Interest, etc.***  (6) There is deemed to be derived from Singapore —  (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is —  (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or  (ii) deductible against any income accruing in or derived from Singapore; or  (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore. |
| **B** – ITA Section 12(7) | ***Royalties, etc.***  (7) There is deemed to be derived from Singapore —  (a) royalty or other payment in one lump sum or otherwise for the use of or the right to use any movable property;  (b) any payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;  (c) any payment for the management or assistance in the management of any trade, business or profession; or  (d) rent or other payment under any agreement or arrangement for the use of any movable property, which is borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore) or which is deductible against any income accruing in or derived from Singapore. |
| **C** – ITA Section 45 | ***Withholding of tax in respect of interest paid to non‑resident persons***  45.—(1) Where a person is liable to pay to another person not known to the firstmentioned person to be resident in Singapore any interest which is chargeable to tax under this Act, the firstmentioned person must —  (a) deduct therefrom tax —  (i) where the person to be paid is an individual or a Hindu joint family, at the rate of 24%;  (ii) where the person to be paid is any other person, at the rate of 17%; or  (iii) where section 43(3) or (3A) is applicable to the person to be paid, at the rate specified in that provision,  on every dollar of the interest; and  (b) immediately give notice of the deduction of tax and pay to the Comptroller the amount so deducted,  and every such amount deducted is a debt due from the firstmentioned person to the Government and is recoverable in the manner provided by section 89.  (1A) Despite subsection (1), tax must be deducted at the rate of 18% on every payment (other than payment subject to tax at the rate specified in section 43(3) or (3A)) made on or after 1 January 2009 which would be assessable on the person receiving the payment for the year of assessment 2009.  (1B) The notice under subsection (1)(b) must be given using the electronic service, except that the Comptroller may in any particular case or class of cases permit the notice to be given in any other manner.  (1C) The Minister may, by rules made under section 7, substitute the rate in subsection (1)(a)(i), (ii) or (iii) with a higher or lower rate (including 0%) for any person or class of persons that is or are subject to that subsection, and subsection (1) applies to that person or class of persons accordingly.  (1D) The rules mentioned in subsection (1C) may —  (a) provide that the substitute rate applies only if such conditions as may be specified in the rules are satisfied; and  (b) prescribe different substitute rates for different persons or classes of persons.  (2) The Comptroller may —  (a) if he or she thinks fit, allow any person or class of persons to give notice of the deduction of tax and make payment of the amount so deducted within such other period and subject to such conditions as the Comptroller may determine; and  (b) by written notice require any person who pays such interest to deduct and account for tax at a higher or lower rate than the rate in subsection (1)(a)(i), (ii) or (iii), or the rate prescribed by rules mentioned in subsection (1C) in substitution for that rate (as the case may be) on every dollar of such interest or permit such interest to be paid without deduction of tax.  (3) Where a person fails to make a deduction of tax which the person is required to make under subsection (1), any amount which the person fails to deduct is a debt due from the person to the Government and is recoverable as such.  (4) If the amount of tax which is required to be deducted under subsection (1) is not paid to the Comptroller —  (a) by the 15th day of the second month following the month in which the interest from which the tax is to be deducted is paid, or such other date as may be allowed under subsection (2)(a), a sum equal to 5% of such amount of tax is payable; and  (b) within 30 days after the time specified in paragraph (a), an additional penalty of 1% of such amount of tax is payable for each completed month that the tax remains unpaid, but the total additional penalty under this paragraph must not exceed 15% of the amount of tax outstanding.  (5) Without affecting any other provision of this Act, if any person after deducting any tax under subsection (1) fails to give notice of such deduction to the Comptroller in the manner referred to in subsection (1B) and by the time specified in subsection (4)(a), the person shall be guilty of an offence and shall on conviction pay a penalty equal to 3 times the amount of tax so deducted and shall also be liable to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.  (6) Where an individual has been convicted for 3 or more offences under this section, the imprisonment the individual shall be liable to shall be not less than 6 months.  (7) The Comptroller may —  (a) compound an offence under subsection (5) and may before judgment stay or compound any proceedings thereunder; and  (b) for any good cause remit the whole or any part of the penalty payable under subsection (4).  (8) For the purposes of this section —  (a) the manager or principal officer of a company is answerable for doing all such acts, matters and things as are required to be done by the company under this section; and  (b) interest is deemed to have been paid by a person to another person although it is not actually paid over to the other person but is reinvested, accumulated, capitalised, carried to any reserve or credited to any account however designated, or otherwise dealt with on behalf of the other person.  (9) This section does not apply to —  (a) any interest derived from any qualifying debt securities issued during the period from 27 February 1999 to 31 December 2023 (both dates inclusive), subject to such conditions as the Minister may impose;  (b) any interest derived from any qualifying project debt securities issued during the period from 1 November 2006 to 31 December 2025 (both dates inclusive), subject to such conditions as the Minister may impose;  (c) any interest liable to be paid on or after 21 February 2014 by a person to a branch in Singapore of a company incorporated outside Singapore and not known to the person to be resident in Singapore.  (10) In this section, “qualifying debt securities” and “qualifying project debt securities” have the meanings given by section 13(16).  (11) To avoid doubt, in this section, “interest” includes the part of any payment liable to be made by a lessee to a lessor under a finance lease of any machinery or plant treated as sold by the lessor to the lessee pursuant to regulations made under section 10C(1), that is income of the lessor under section 10C(2A). |
| **D** – ITA Section 45A | ***Application of section 45 to royalties, management fees, etc.***  45A.—(1) Section 45(1) to (8) applies in relation to the payment of any income referred to in section 12(6) or (7) by any person to another person not known to the firstmentioned person to be resident in Singapore as those provisions apply to any interest paid by a person (X) to another person (Y) not known to X to be resident in Singapore and, for the purpose of such application, any reference in those provisions to interest is a reference to the income referred to in section 12(6) or (7).  (2) Subject to such conditions as the Minister may impose, subsection (1) does not apply to any discount from any qualifying debt securities issued during the period from 17 February 2006 to 31 December 2023 (both dates inclusive).  (2A) Subsection (1) does not apply to any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1 January 2005 to 31 December 2023 (both dates inclusive), subject to such conditions as the Minister may impose.  (2B) Subject to such conditions as the Minister may impose, subsection (1) does not apply to —  (a) any prepayment fee, redemption premium or break cost from any qualifying debt securities issued during the period from 15 February 2007 to 31 December 2023 (both dates inclusive); or  (b) any discount, prepayment fee, redemption premium or break cost from any qualifying project debt securities issued during the period from 15 February 2007 to 31 December 2025 (both dates inclusive).  (2C) Subject to such conditions as the Minister may impose, subsection (1) does not apply to —  (a) such other income directly attributable to any qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations; or  (b) such other income directly attributable to any qualifying project debt securities issued on or after a prescribed date, as may be prescribed by regulations.  (2D) Subsection (1) does not apply to any payment liable to be made on or after 17 February 2012 under any agreement or arrangement for the charter of any ship.  (2DA) To avoid doubt, the reference to a charter of a ship in subsection (2D) excludes a finance lease of the ship.  (2E) Subsection (1) does not apply to any payment liable to be made on or after 21 February 2014 by a person to a branch in Singapore of a company incorporated outside Singapore and not known to the person to be resident in Singapore.  (3) In this section —  “break cost”, “prepayment fee”, “qualifying debt securities”, “qualifying project debt securities” and “redemption premium” have the meanings given by section 13(16);  “finance lease”, in relation to a ship, means a lease of the ship (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the ship to the lessee;  “Islamic debt securities” has the meaning given by section 43H(4);  “ship” has the meaning given by section 2(1) of the Merchant Shipping Act 1995. |

1. For more information on Singapore’s withholding tax regulations, please refer to the IRAS webpage: <https://www.iras.gov.sg/taxes/withholding-tax> [↑](#footnote-ref-1)