

Luther.

Newsflash Singapore

The Not Ordinarily Resident Scheme – a Singapore tax concession for foreigners

Did you know Singapore has a tax concession for foreigners? The so-called NOR scheme. If certain conditions are met, the foreigner may time apportion his/her Singapore employment income accordingly, with a minimum floor tax rate of 10%. Below we will describe the highlights of this tax concession.

What is the NOR scheme?

Generally, the Not Ordinarily Resident (NOR) Scheme is a tax concession introduced by the Singapore government to attract talent to work and live in Singapore. The NOR status may be awarded for 5 consecutive calendar years starting from the first year in which the foreigner qualifies to be treated as an NOR.

For who is the NOR scheme?

You can apply for the NOR status if you are:

- a) a tax resident of Singapore for that calendar year; and
- b) were not a tax resident of Singapore for the 3 consecutive calendar years immediately before that calendar year ('the preceding period').

How to apply?

To enjoy the tax concession an application has to be submitted to the Inland Revenue Authority of Singapore (IRAS).

When to apply?

For calendar year 2018 the NOR scheme application has to be submitted at latest by 15 April 2019.

Conditions

To qualify for the tax concession, the following conditions must be met:

- Travel at least 90 days outside Singapore for business purposes in the preceding calendar year; and
- Annual Singapore employment income of at least \$ 160,000.

Benefits

The main benefit of qualifying for the NOR Scheme is that you would enjoy one or more of the following tax concessions:

- a) Time apportionment of Singapore employment income (including benefits-in-kind like housing, home leave passage, car, etc.); and
- b) Tax exemption of employer's contribution to non-mandatory overseas pension fund/social security scheme.

Please note, a director's fee and any amount of tax payable that is borne by the Singapore employer would not be eligible for the time apportionment.

If the time apportionment leads to your effective tax rate being lower than 10%, you would still be subject to a floor tax rate of 10% on your Singapore employment income.

Sunset clause

In the 2019 Budget Speech it was announced that the NOR scheme will lapse after calendar year 2019 (Year of Assessment 2020). Consequently, the last NOR status will be granted in YA 2020 and will expire in YA 2024.

Questions or interested?

Please contact us if you have any questions regarding the applicability of the NOR scheme, or any other tax or legal questions.



Eline van Dijke-Nouwen

Tax advisor
Luther Corporate Services Pte Ltd
Singapore
Phone: +65 6408 8067
Eline.van.Dijke@luther-services.com



David Martiny

Tax advisor
Luther LLP
Singapore
Phone: + 65 6408 8113
David.Martiny@luther-lawfirm.com

Hits the mark. Luther.