


Inflating expenses to save tax? Why take the risk? Why not choose the correct business vehicle?

We understand that your sole proprietorship business will grow and so are your taxes.

Talk to us about how to avoid common mistakes that you made to save tax and how we can help you to structure your business to avoid paying excessive tax.

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Do you know that for qualifying newly Singapore-incorporated Company, the first \$100,000 of the normal chargeable income (CI) qualifies for full exemption and the next \$200,000 of the normal CI qualifies for 50% exemption, giving a maximum exemption of \$200,000? Please see below for illustration:

Business vehicle Taxable entity	Company		Sole- proprietorship
	Company	Owner	
Taxable income before salaries and CPF	398,000	-	398,000
Less: Salaries (\$85,000) and Employer CPF (\$13,600)	(98,600)		
Assessable income	201,400	85,000	
Less: Personal relief			
Earned income relief	-	(1,000)	(1,000)
CPF relief	-	(17,000)	(30,600)
Chargeable income	300,000	67,000	366,400
Less: Tax exemption for newly incorporated company	(200,000)	-	-
Chargeable income after exemption	100,000	67,000	366,400
Tax payable	17,000	2,440	51,630
Less: 30% Corporate tax rebate	(5,100)	-	-
Net tax payable	11,900	2,440	51,360
Total tax payable			
		 <u>14,340</u>	<u>51,360</u>

