

# EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

Essential information to note before completing Form C-S
<ul style="list-style-type: none"> <li>You may use the Basic Corporate Tax Calculator available at IRAS' website (<a href="http://www.iras.gov.sg">www.iras.gov.sg</a>) under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Basic Corporate Tax Calculator</a> to prepare the tax computation before completing Form C-S.</li> <li>All boxes in Form C-S must be completed. For items that are not applicable, please enter '0'.</li> <li>Information on Unutilised Donations brought forward/ carried forward is not required for Form C-S. IRAS will automatically compute and allow any unutilised donations in your Year of Assessment (YA) 2018 assessment.</li> <li>If the company is claiming Section 19B writing-down allowances for Intellectual Property Rights (IPRs) acquired during the basis period of YA 2018, please submit the Declaration Form available at IRAS' website (<a href="http://www.iras.gov.sg">www.iras.gov.sg</a>) under <a href="#">Home &gt; Quick Links &gt; Forms &gt; Businesses &gt; Corporate Tax forms</a>. If you are e-Filing the Form C-S, the declaration form is to be submitted via the Submit Document e-Service (<a href="http://mytax.iras.gov.sg">mytax.iras.gov.sg</a>).</li> <li>For more information on tax schemes and deductions, please refer to IRAS' website at <a href="http://www.iras.gov.sg">www.iras.gov.sg</a>.</li> </ul>

Relevant sections of Form C-S to be completed																							
	Type of Companies																						
	Dormant Companies (see Note 2)		Investment Holding Companies (see Note 3)	Companies Servicing Only Related Parties with "Cost Plus Mark-Up" basis of assessment (see Note 4)	All Companies  (Other than Dormant, Investment Holding & Companies Servicing Only Related Parties with "Cost Plus Mark-Up" basis of assessment)																		
	Without Unutilised Losses/ Donations brought forward	With Unutilised Losses/ Donations brought forward																					
What to complete?	Only Page 1	<ul style="list-style-type: none"> <li>Page 1</li> <li>Boxes 14 &amp; 20 on Page 2</li> </ul>	<ul style="list-style-type: none"> <li>Page 1</li> <li>Boxes 15a to 17 on Page 2</li> <li>Box 21 on Page 3 and other boxes where applicable</li> </ul>	<ul style="list-style-type: none"> <li>Page 1</li> <li>Boxes 1 and 17 on Page 2 with the amount of deemed mark-up/ mark-up</li> <li>Box 21 on Page 3 and other boxes where applicable</li> </ul>	All sections																		
Notes	Description	Explanation																					
1	<b>Newly-incorporated Company</b>	<ul style="list-style-type: none"> <li>If you are filing the company's taxes based on its first set of financial statements covering a period of more than 12 months, please do the following: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Sections</th> <th style="text-align: center;">e-Filing via <a href="http://mytax.iras.gov.sg">mytax.iras.gov.sg</a></th> <th style="text-align: center;">Submission by Paper Form</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Enter the amount for YAs 2017 and 2018</td> <td>Enter the amount for YA 2018</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Enter the amount for the company's whole financial period</td> <td>Enter the amount for the company's whole financial period</td> </tr> <tr> <td style="text-align: center;">3 &amp; 4</td> <td>Declare if applicable</td> <td>Declare if applicable</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Enter the qualifying expenditure incurred for YA 2018</td> <td>Enter the qualifying expenditure incurred for YA 2018</td> </tr> <tr> <td style="text-align: center;">-</td> <td>NA</td> <td>Submit the tax computation and supporting schedules for YA 2017 together with the YA 2018 Form C-S. Please refer to Explanatory Notes under Box 32b for an example.</td> </tr> </tbody> </table> </li> <li>The amount of revenue expenses that qualify for deduction under the "Concession for Enterprise Development – Deduction of Certain Expenses Incurred before Business Revenue is Earned" should be included in Box 8 of section 1. For more information on the concession, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Business Expenses</a>, click on "Select Subheading" and select "Non-Deductible Business Expenses" followed by "Expenses Incurred before Commencement of Businesses".</li> </ul>				Sections	e-Filing via <a href="http://mytax.iras.gov.sg">mytax.iras.gov.sg</a>	Submission by Paper Form	1	Enter the amount for YAs 2017 and 2018	Enter the amount for YA 2018	2	Enter the amount for the company's whole financial period	Enter the amount for the company's whole financial period	3 & 4	Declare if applicable	Declare if applicable	5	Enter the qualifying expenditure incurred for YA 2018	Enter the qualifying expenditure incurred for YA 2018	-	NA	Submit the tax computation and supporting schedules for YA 2017 together with the YA 2018 Form C-S. Please refer to Explanatory Notes under Box 32b for an example.
Sections	e-Filing via <a href="http://mytax.iras.gov.sg">mytax.iras.gov.sg</a>	Submission by Paper Form																					
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3 & 4	Declare if applicable	Declare if applicable																					
5	Enter the qualifying expenditure incurred for YA 2018	Enter the qualifying expenditure incurred for YA 2018																					
-	NA	Submit the tax computation and supporting schedules for YA 2017 together with the YA 2018 Form C-S. Please refer to Explanatory Notes under Box 32b for an example.																					

## EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

<b>2</b>	<b>Dormant Company</b>	<ul style="list-style-type: none"> <li>A dormant company refers to one that did not carry on business and had no income in the basis period for YA 2018, i.e. the financial year ending in 2017.</li> <li>A dormant company is not allowed to carry forward any expenses incurred in YA 2018 as losses nor claim capital allowances.</li> </ul> <p>If the dormant company is not expecting to commence/ recommence business or receive income for the next two years, the company may wish to apply for waiver of its obligation to submit its income tax return. For more information on the application process, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Managing Taxes for Dormant Companies or Companies Closing Down &gt; Dormant Companies</a>.</p>
<b>3</b>	<b>Investment Holding Company</b>	<ul style="list-style-type: none"> <li>An investment holding company refers to a company whose principal activity is that of investment holding. It owns investments such as properties and shares for long term investment and derives investment income such as dividend, interest or rental.</li> <li>For more information on investment holding companies, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Specific Industries &gt; Investment Holding Companies</a>.</li> </ul>
<b>4</b>	<b>Company Servicing only Related Parties with "Cost Plus Mark-up" basis of assessment</b>	<ul style="list-style-type: none"> <li>For information on companies that only render services to related parties, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Specific Industries &gt; Companies Servicing Only Related Parties</a>.</li> <li>Note: Typical service companies such as accounting firms, restaurants, retailers are <u>not</u> considered as companies that only render services to related parties. These companies must complete all sections of the Form C-S.</li> </ul>
<b>Qualifying Conditions for Submitting Form C-S (Page 1)</b>		
<b>a</b>	<b>Revenue is S\$5,000,000 or below</b>	<ul style="list-style-type: none"> <li>Revenue is the gross amount of income derived by a company from its principal activities in the basis period for that YA, excluding separate source income such as interest.</li> <li>A newly-incorporated company filing its first tax return, based on its first set of financial statements covering a period of more than 12 months, would meet this qualifying condition if the revenue for the 12-month period ending on its financial year-end is \$5,000,000 or less. Example: A company incorporated on 15 Apr 2016 closed its first set of financial statements on 30 Jun 2017. It would meet this qualifying condition if the revenue from 1 Jul 2016 to 30 Jun 2017 is \$5,000,000 or less. Please refer to Explanatory Notes 1 and Box 32b.</li> </ul>
<b>b</b>	<b>Income taxable at 17%</b>	<ul style="list-style-type: none"> <li>The company must not derive tax-exempt income (except for one-tier exempt Singapore dividends and/ or specified foreign-sourced income exempted from tax under S13(8)) or income taxable at concessionary tax rates. Examples of such income are Section 13A shipping income, income under pioneer incentive, etc.</li> <li>Exempt income does not refer to the Tax Exemption for New Start-up Companies.</li> </ul>
<b>c</b>	<b>Carry-back of Current Year Capital Allowances/ Losses</b>	<ul style="list-style-type: none"> <li>Current year unutilised capital allowances and trade losses (collectively "loss items") that are carried back to offset prior year's income, e.g. YA 2018 unutilised loss items carried back to offset against YA 2017 income.</li> <li>Carry-back does not refer to unutilised capital allowances/ trade losses that are brought/ carried forward.</li> </ul>
<b>d</b>	<b>Group Relief</b>	<ul style="list-style-type: none"> <li>Current year unutilised capital allowances/ trade losses/ donations that are deducted against income of another company belonging to the same group, with the same accounting year-end.</li> </ul>
<b>e</b>	<b>Investment Allowance</b>	<ul style="list-style-type: none"> <li>Allowances for approved capital expenditure granted under a tax incentive scheme, e.g. approved project by the Ministry of Trade and Industry.</li> </ul>
<b>f</b>	<b>Foreign Tax Credit and Tax Deducted at Source</b>	<ul style="list-style-type: none"> <li>Foreign Tax Credit: A claim of tax paid in foreign country against the Singapore tax payable on the same income.</li> <li>Tax Deducted at Source: Singapore tax that has been deducted under Section 45 of the Income Tax Act.</li> </ul>
<b>Productivity and Innovation Credit + (PIC+) Scheme (Page 1)</b>		<ul style="list-style-type: none"> <li>From YA 2015 to YA 2018, qualifying SMEs that invest in the six qualifying activities under the PIC Scheme can enjoy 400% tax deductions/ allowances on an additional \$200,000 in expenditure for each qualifying activity per YA. This brings the expenditure cap for qualifying SMEs from \$400,000 to \$600,000 per qualifying activity per YA.</li> <li>"Qualifying SME" broadly refers to a company which is carrying on a trade or business during the basis period and whose (a) revenue is not more than \$100 million or (b) employment size is not more than 200 employees. This criterion will be applied at the group level if the business is part of a group.</li> <li>For more information on PIC+ Scheme, please refer to IRAS' website under <a href="#">Home &gt; Schemes &gt; Productivity and Innovation Credit Scheme</a>, click on "Select Subheading" and select "PIC Benefits".</li> </ul>

## EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

Section 1: Tax Adjustments (Page 2)		
<b>Box 1</b>	<b>Net Profit/ Loss before Tax as per Financial Statements</b>	<ul style="list-style-type: none"> <li>This refers to Total Income less Total Expenses. It can be extracted from the Statement of Comprehensive Income (or commonly known as Profit &amp; Loss Statement).</li> </ul>
<b>Box 2</b>	<b>Separate Source Income</b>	<ul style="list-style-type: none"> <li>This refers to total income other than that from the company's principal activity or trade.</li> <li>Examples are rent from real property, fixed deposit interest and other non-trade taxable income. Details of such income must also be entered in Boxes 15a, 16 and 17, where applicable.</li> <li>It excludes exempt one-tier dividend income which should be included in Box 3 as it is not taxable.</li> </ul>
<b>Box 3</b>	<b>Non-Taxable Income</b>	<ul style="list-style-type: none"> <li>Examples are exempt one-tier dividend income, cash payout under the Productivity and Innovation Credit (PIC) Scheme and gain on disposal of fixed assets.</li> </ul>
<b>Box 4</b>	<b>Non-Tax Deductible Expenses</b>	<ul style="list-style-type: none"> <li>Non-tax deductible expenses refer to expenses that are:                             <ul style="list-style-type: none"> <li>- not wholly and exclusively incurred in the production of income; or</li> <li>- not revenue in nature; or</li> <li>- prohibited under the Income Tax Act.</li> </ul> </li> <li>Examples are depreciation, donations, fines and penalties, private expenses, S-plate car expenses, expenses incurred to produce separate source income and non-taxable income and interest expenses attributable to non-income producing assets.</li> </ul>
<b>Box 6</b>	<b>Deduction for Renovation or Refurbishment (R&amp;R) Works under Section 14Q</b>	<ul style="list-style-type: none"> <li>Examples are expenses relating to general electrical installation and lighting, door, window, fixed partition, flooring and wall covering, provided these items do not involve structural changes for which prior approval from Commissioner of Building Control is required. Designer and professional fees are not to be included.</li> <li>Deduction is granted on a straight-line basis over three consecutive YAs and subject to an expenditure cap of \$300,000 for every three consecutive basis periods.</li> <li>For more information, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Business Expenses</a>, click on "Select Subheading" and select "Non-Deductible Business Expenses" followed by "Section 14Q deduction".</li> </ul>
<b>Box 7</b>	<b>Enhanced Deductions under Productivity and Innovation Credit (PIC)/ PIC+ Scheme</b>  <i>for training; leasing of PIC IT and automation equipment; in-licensing/ registration of intellectual property rights; R&amp;D; approved design projects</i>	<ul style="list-style-type: none"> <li>Under the PIC Scheme, you can deduct an additional 300% (250% for research and development conducted in Singapore) of your qualifying expenditure in the six activities. The enhanced deduction is subject to a combined expenditure cap of \$1,200,000 from YAs 2016 to 2018 for each activity.</li> <li>Under the new PIC+ Scheme announced in Budget 2014, from YA 2015 to YA 2018, qualifying SMEs can enjoy tax deductions/ allowances on up to \$600,000 (instead of \$400,000) for each qualifying activity per YA. The combined expenditure cap under the PIC+ Scheme will be increased to \$1,800,000 from YAs 2016 to 2018 for each activity. Please refer to IRAS' website for details of the combined expenditure cap.</li> <li>In-house training not certified by the SkillsFuture Singapore Agency or Institute of Technical Education (ITE) will qualify for PIC but shall be subject to an expenditure cap of \$10,000 for YA 2018. This claim is subject to the overall expenditure cap of \$1,200,000 (PIC Scheme)/ \$1,800,000 (PIC+ Scheme) for training from YA 2016 to YA 2018.</li> <li>From YA 2013 to 31 July 2016, you can also convert up to \$100,000 of qualifying expenditure in all six activities for each YA into a non-taxable cash payout at a conversion rate of 60%. The conversion rate will be 40% for qualifying expenditure incurred on or after 1 August 2016 to YA 2018. Expenditure which has been converted into PIC cash payout cannot be claimed as a tax deduction.</li> <li>For more information on PIC or PIC+ Scheme, please refer to IRAS' website under <a href="#">Home &gt; Schemes &gt; Businesses &gt; Productivity and Innovation Credit Scheme</a>, click on "Select Subheading" and select "PIC Benefits".</li> </ul>
<b>Box 8</b>	<b>Further Deductions/ Other Deductions</b>	<p>This box shall include:</p> <ul style="list-style-type: none"> <li>expenditure qualifying for further deductions. Examples are:                             <ul style="list-style-type: none"> <li>- expenses relating to approved trade fairs and exhibitions (Section 14B);</li> <li>- research and development expenditure (Sections 14DA(1) and 14E). Please prepare and retain the Research &amp; Development (R&amp;D) Claim Form, which is available on IRAS' website;</li> <li>- expenses relating to overseas investment development (Section 14K).</li> </ul> </li> <li>tax allowable deductions that are not included in Boxes 1, 6 and 7. An example is pre-commencement expenditure (Section 14U).</li> </ul>

## EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

<b>Box 10</b>	<b>Balancing Charge</b>	<ul style="list-style-type: none"> <li>When a fixed asset is sold or written off, a balancing charge (BC) or balancing allowance (BA) must be calculated if capital allowance had been claimed on the asset previously.</li> <li>A taxable BC arises if the sale proceeds is <i>higher</i> than the tax written down value. The taxable BC is restricted to the capital allowances allowed on the asset previously. A deductible BA arises if the sale proceeds is <i>lower</i> than the tax written down value. BA should be included in Box 12.</li> </ul>
<b>Box 11</b>	<b>Unutilised Capital Allowances brought forward</b>	<ul style="list-style-type: none"> <li>Enter the <i>Unutilised Capital Allowances carried forward</i> figure from the YA 2017 Notice of Assessment (NOA). If the YA 2017 NOA has not been issued, enter the figure found in the YA 2017 tax computation.</li> </ul>
<b>Box 12</b>	<b>Current Year Capital Allowances</b> <i>excluding Enhanced Allowances under Productivity and Innovation Credit (PIC)/ PIC+ Scheme</i>	<ul style="list-style-type: none"> <li>Capital allowances are given on assets which qualify as plant or machinery used in your trade or business.</li> <li>This box should include the following if they are claimed: <ul style="list-style-type: none"> <li>- Industrial building allowances (IBA);</li> <li>- Land intensification allowances (LIA);</li> <li>- Writing-down allowances on the acquisition cost of intellectual property rights. Please submit the "Declaration for the Purpose of Claiming Writing-Down Allowances for Intellectual Property Rights (IPRs) under Section 19B of the Income Tax Act" form which is available on IRAS' website under <a href="#">Home &gt; Quick Links &gt; Forms &gt; Businesses &gt; Corporate Tax forms</a>. If you are e-Filing Form C-S, the declaration form should be submitted via the Submit Document e-Service (mytax.iras.gov.sg);</li> <li>- Balancing allowances (BA) (see Explanatory Notes under Box 10).</li> </ul> </li> <li>For more information, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Claiming Allowances</a>.</li> </ul>
<b>Box 13</b>	<b>Enhanced Allowances under Productivity and Innovation Credit (PIC)/ PIC+ Scheme</b> <i>for acquisition of PIC IT and automation equipment; intellectual property rights</i>	<ul style="list-style-type: none"> <li>You can deduct an additional 300% of allowances on the acquisition expenditure of PIC IT and automation equipment and intellectual property rights, subject to the same expenditure cap explained in Explanatory Notes under Box 7. Expenditure which has been converted into PIC cash payout cannot be claimed as tax allowances.</li> </ul>
<b>Box 14</b>	<b>Unutilised Losses brought forward</b>	<ul style="list-style-type: none"> <li>Enter the <i>Unutilised Losses carried forward</i> figure from the YA 2017 Notice of Assessment (NOA). If the YA 2017 NOA has not been issued, enter the figure found in the YA 2017 tax computation.</li> </ul>
<b>Box 15a</b>	<b>Gross Rental Income</b>	<ul style="list-style-type: none"> <li>Enter the total rental income for the financial year ending in 2017.</li> </ul>
<b>Box 15b</b>	<b>Less: Deductible Expenses</b>	<ul style="list-style-type: none"> <li>This refers to revenue expenses directly incurred to earn the rental income. Examples are interest on loan to acquire the property, insurance, property tax, repair and maintenance.</li> <li>Expenses (e.g. agent's commission) incurred to secure the first tenant are not tax-deductible.</li> <li>For investment holding companies, deductible expenses include statutory expenses attributable to the rental income.</li> <li>This box excludes industrial building allowances (IBA) and land intensification allowances (LIA), which should be included in Box 12.</li> </ul>
<b>Box 15c</b>	<b>Net Rental Income</b>	<ul style="list-style-type: none"> <li>If net rental income is negative, '0' will be shown. Expenses in excess of income cannot be deducted against any other type of income or carried forward.</li> </ul>
<b>Box 16</b> <b>Box 17</b>	<b>Interest Income</b> <b>Other Taxable Income</b>	<ul style="list-style-type: none"> <li>If net interest income or other net income is negative, enter '0'. Expenses in excess of income cannot be deducted against any other type of income or carried forward.</li> </ul>

## EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

<b>Box 19</b>	<b>Unutilised Capital Allowances carried forward</b>	<ul style="list-style-type: none"> <li>If Box 18 is negative, it should be equal to the sum of Boxes 19 and 20. Otherwise Boxes 19 and 20 should be '0'.</li> </ul>									
<b>Box 20</b>	<b>Unutilised Losses carried forward</b>										
<b>Section 2: Information from Financial Statement (Page 3)</b>											
Enter the amounts as shown in the Audited/ Unaudited Financial Statements for the financial year (unless otherwise indicated). If not applicable, enter '0' in the last box on the right.											
<b>Box 21</b>	<b>Revenue</b>	<ul style="list-style-type: none"> <li>Please refer to Note a above.</li> </ul>									
<b>Box 22</b>	<b>Gross Profit/ Loss</b>	<ul style="list-style-type: none"> <li>This refers to the amount after taking into account the cost of goods sold. If there is no cost of goods sold, the gross profit should be the same as the revenue.</li> </ul>									
<b>Box 23</b>	<b>Directors' Fees and Remuneration</b>	<ul style="list-style-type: none"> <li>This refers to all fees and payments made to directors, e.g. salaries, leave pay, commissions, bonuses, gratuities, allowances, CPF. It excludes benefits-in-kind, medical expenses and cash allowances in lieu of medical expenses.</li> </ul>									
<b>Box 24</b>	<b>Total Remuneration excluding Directors' Fees and Remuneration</b>	<ul style="list-style-type: none"> <li>This refers to total employees' remuneration but <u>excludes</u> the figure entered in Box 23, 'Directors' Fees and Remuneration'. Remuneration includes salaries, leave pay, commissions, bonuses, gratuities, allowances, CPF. It excludes benefits-in-kind, medical expenses and cash allowances in lieu of medical expenses.</li> </ul>									
<b>Box 25</b>	<b>Medical Expenses</b>	<ul style="list-style-type: none"> <li>This refers to deductible medical expenses incurred in or in connection with the provision of medical treatment, including cash allowances in lieu of medical expenses and medical insurance.</li> <li>Deductible medical expenses are capped at 1% of total remuneration (excluding director's fees). However, the cap is increased to 2% of remuneration if the company has:                             <ol style="list-style-type: none"> <li>provided its employees with inpatient medical insurance benefits in the form of a <b>Portable Medical Benefits Scheme, a Transferable Medical Insurance Scheme</b> or a <b>Shield plan</b>; or</li> <li>made ad-hoc contributions to its employees' <b>Medisave</b> accounts (subject to \$1,500 cap per employee per year) during the relevant basis period; <u>and</u></li> <li>met the qualifying conditions under the respective scheme/ plan.</li> </ol> </li> <li>For more information, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Business Expenses</a>, click on "Select Subheading" and select "Non-Deductible Business Expenses" followed by "Medical Expenses".</li> </ul>									
<b>Box 26</b>	<b>Transport/ Travelling Expenses</b>	<ul style="list-style-type: none"> <li>This refers to the transport/ travelling expenses as per the financial statements.</li> </ul>									
<b>Box 27</b>	<b>Entertainment Expenses</b>	<ul style="list-style-type: none"> <li>This refers to the entertainment expenses as per the financial statements.</li> </ul>									
<b>Box 28</b>	<b>Inventories</b>	<ul style="list-style-type: none"> <li>This refers to the gross amount of inventories. If the gross amount is not available in the financial statements, please enter the amount net of any provision made.</li> </ul>									
<b>Box 29</b>	<b>Trade Receivables</b>	<ul style="list-style-type: none"> <li>This refers to the gross amount of trade receivables, including related party trade debts. If the gross amount is not available in the financial statements, please enter the amount net of any provision made.</li> </ul>									
<b>Section 3: Deduction of Unutilised Capital Allowances/ Losses/ Donations Brought Forward (Page 3)</b>											
<b>Box 30</b>	<b>Substantial change in the company's ultimate shareholders and their shareholdings as at the relevant dates</b>	<ul style="list-style-type: none"> <li>You can deduct unutilised capital allowances (CA)/ losses/ donations incurred in a previous year against income in the current year if there is <u>no</u> substantial change in the ultimate shareholders and their shareholdings as at the relevant dates. This means that at least 50% of the shareholdings are held by the same shareholders as at the relevant dates – this is known as the "shareholding test".</li> <li>Relevant dates are as follows:                             <table border="1" style="margin-left: 20px; width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;"></th> <th style="width: 40%;">Unutilised CA</th> <th style="width: 50%;">Unutilised Losses/ Donations</th> </tr> </thead> <tbody> <tr> <td>Date 1</td> <td>Last day of the YA in which the CA arose</td> <td>Last day of the year in which the losses/ donations were incurred</td> </tr> <tr> <td>Date 2</td> <td colspan="2">First day of the YA in which the utilisation occurred</td> </tr> </tbody> </table> </li> </ul>		Unutilised CA	Unutilised Losses/ Donations	Date 1	Last day of the YA in which the CA arose	Last day of the year in which the losses/ donations were incurred	Date 2	First day of the YA in which the utilisation occurred	
	Unutilised CA	Unutilised Losses/ Donations									
Date 1	Last day of the YA in which the CA arose	Last day of the year in which the losses/ donations were incurred									
Date 2	First day of the YA in which the utilisation occurred										

# EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

		<p><u>Example</u></p> <p><b>Unutilised CA:</b> If the unutilised CA for YA 2013 (assuming the basis period is from 1 Oct 2011 to 30 Sep 2012) are utilised in YA 2018, the relevant dates for comparing the shareholders are 31 Dec 2013 and 1 Jan 2018.</p> <p><b>Unutilised Losses/ Donations:</b> If the losses incurred for YA 2013 (assuming basis period is from 1 Oct 2011 to 30 Sep 2012) are utilised in YA 2018, the relevant dates for comparing the shareholders are 31 Dec 2012 and 1 Jan 2018.</p> <ul style="list-style-type: none"> <li>• If there is a substantial change in shareholders and their shareholdings, you may write to IRAS to apply for waiver of the shareholding test. Applications for waiver of the shareholding test will be considered based on the merits of each case and granted if the substantial change in shareholdings is not tax-motivated.</li> <li>• Where waiver of the shareholding test has been granted, the unutilised CA/ trade losses/ donations (which would otherwise not be deductible) can be deducted only against profits derived from the same trade/ business in respect of which they arose.</li> </ul>
<p><b>Box 31</b></p>	<p><b>Change in principal activities</b></p>	<ul style="list-style-type: none"> <li>• To deduct unutilised capital allowances brought forward, there must <u>not</u> be a change in your principal activities during the basis period.</li> </ul>
<p><b>Section 4: Tax Exemption Scheme for New Start-up Companies (Page 3)</b></p>		
<p><b>Box 32a</b></p>	<p><b>Qualifying conditions</b></p>	<ul style="list-style-type: none"> <li>• The scheme provides for tax exemption to new start-ups for each of their first 3 consecutive YAs:             <ul style="list-style-type: none"> <li>- Full exemption on the first \$100,000 of normal chargeable income*</li> <li>- 50% exemption on the next \$200,000 of normal chargeable income*</li> </ul> </li> <li>• To qualify for tax exemption for new start-ups, a company must:             <ul style="list-style-type: none"> <li>a) be incorporated in Singapore (including companies limited by guarantee#);</li> <li>b) be a tax resident in Singapore for that YA; and</li> <li>c) the company's total share capital is beneficially held directly by no more than 20 shareholders throughout the basis period for that YA where:                 <ul style="list-style-type: none"> <li>i. all of the shareholders are individuals; or</li> <li>ii. at least one shareholder is an individual holding at least 10% of the issued ordinary shares of the company.</li> </ul> </li> </ul> </li> <li>• The following types of companies incorporated after 25 February 2013 are <u>not</u> eligible for the tax exemption scheme:             <ul style="list-style-type: none"> <li>a) a company whose principal activity is that of investment holding; and</li> <li>b) a company which undertakes property development for sale, for investment, or for both investment and sale.</li> </ul> <p style="text-align: center;">However, these companies will be eligible for partial tax exemption.</p> <p><i>* Normal chargeable income refers to income to be taxed at prevailing corporate tax rate, which is 17% for YA 2018.</i></p> <p><i># Companies limited by guarantee must have members:</i></p> <ul style="list-style-type: none"> <li>• all of whom are individuals throughout the basis period for that YA; or</li> <li>• at least one of whom is an individual throughout the basis period for that YA, and the contribution of that individual under the Memorandum of Association of the company to the assets of the company in the event of it being wound up, amounts to at least 10% of the total contributions of the members of the company throughout the basis period for that YA.</li> </ul> </li> </ul>
<p><b>Box 32b</b></p>	<p><b>Company's first YA upon incorporation</b></p>	<ul style="list-style-type: none"> <li>• The first YA refers to the YA relating to the basis period during which it was incorporated.</li> <li>• If your first set of financial statements covers a period of more than 12 months from the date of incorporation, the profits/ losses must be attributed to two YAs as the basis period for the first YA should not be more than 12 months.</li> <li>• <u>Example</u> A company was incorporated on 15 Apr 2016 and its first set of financial statements closed on 30 Jun 2017. Its first 3 consecutive YAs are as follows:</li> </ul>

## EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

		YA	Basis Period
		2017 (1 <sup>st</sup> YA)	15 Apr 2016 to 30 Jun 2016
		2018 (2 <sup>nd</sup> YA)	1 Jul 2016 to 30 Jun 2017
		2019 (3 <sup>rd</sup> YA)	1 Jul 2017 to 30 Jun 2018

### Section 5: Productivity and Innovation Credit (PIC)/ PIC+ Scheme

Boxes 33 to 39: Enter the total cost incurred for each activity under the PIC/ PIC+ Scheme. Total cost is derived after excluding grant/ subsidy from the Government/ Statutory Board and amount converted to Cash Payout.

<b>Box 33</b>	<b>PIC IT and Automation Equipment Acquisition and Leasing</b>	<ul style="list-style-type: none"> <li>This refers to costs incurred to acquire and/ or lease prescribed or approved PIC IT and automation equipment.</li> <li>Examples of PIC IT and automation equipment are fax machine, laser printer, computer, laptop, software.</li> <li>For more information, please refer to IRAS' website under <a href="#">Home &gt; Schemes &gt; Productivity and Innovation Credit Scheme</a>, click on "Select Subheading" and select "Eligibility" followed by "PIC IT and Automation Equipment List".</li> </ul>
<b>Box 34</b>	<b>In-house Training <u>not</u> Certified by SkillsFuture Singapore Agency or ITE</b>	<ul style="list-style-type: none"> <li>This refers to costs incurred on in-house training for employees that is not certified by the SkillsFuture Singapore Agency or Institute of Technical Education (ITE), subject to a cap of \$10,000 per YA.</li> </ul>
<b>Box 35</b>	<b>External and Certified In-house Training</b>	<ul style="list-style-type: none"> <li>This refers to costs incurred on external training and in-house training for employees certified by the SkillsFuture Singapore Agency or ITE.</li> </ul>
<b>Box 36</b>	<b>Intellectual Property Rights (IPRs) Acquisition and In-Licensing</b>	<ul style="list-style-type: none"> <li>This refers to costs incurred to acquire IPRs for use in the company's trade or business, for example, price paid for a copyright. From YA 2013, it includes costs incurred on IPR in-licensing.</li> <li>It excludes Economic Development Board approved IPRs and IPRs relating to media and digital entertainment contents granted an accelerated 2-year write-down.</li> <li>If the company is claiming Section 19B writing-down allowances on IPRs acquired during the basis period of YA 2018, please submit the "Declaration for the Purpose of Claiming Writing-Down Allowances for Intellectual Property Rights (IPRs) under Section 19B of the Income Tax Act" form which is available on IRAS' website under <a href="#">Home &gt; Quick Links &gt; Forms &gt; Businesses &gt; Corporate Tax forms</a>. If you are e-Filing Form C-S, the declaration form should be submitted via the Submit Document e-Service (<a href="http://mytax.iras.gov.sg">mytax.iras.gov.sg</a>).</li> </ul>
<b>Box 37</b>	<b>Patents, Trademarks, Designs and Plant Varieties Registration</b>	<ul style="list-style-type: none"> <li>This refers to registration costs such as official fees and professional fees incurred in relation to the registration of patents, trademarks, designs and plant varieties.</li> <li>An example is the fee paid to the Intellectual Property Office of Singapore (IPOS) to register a trademark.</li> </ul>
<b>Box 38</b>	<b>Research and Development (R&amp;D) Activities</b>	<ul style="list-style-type: none"> <li>This refers to costs incurred on staff costs and consumables for qualifying R&amp;D activities carried out in Singapore or overseas. Examples are salaries for R&amp;D personnel and fees paid to an R&amp;D institute for creating a novel product.</li> <li>R&amp;D done overseas must be related to the trade or business in Singapore.</li> <li>Please prepare and retain the Research &amp; Development (R&amp;D) Claim Form, which is available on IRAS' website.</li> <li>For more information, please refer to IRAS' website under <a href="#">Home &gt; Businesses &gt; Companies &gt; Working out Corporate Income Taxes &gt; Business Expenses</a>, click on "Select Subheading" and select "Non-Deductible Business Expenses" followed by "Research and development".</li> </ul>
<b>Box 39</b>	<b>Approved Design Projects</b>	<ul style="list-style-type: none"> <li>This refers to staff costs of qualified designers for approved industrial or product design projects conducted primarily in Singapore.</li> <li>Examples of qualifying expenditure are salaries for qualified in-house designers and fees paid to an approved design service provider for an approved design project.</li> <li>The project must be approved by the DesignSingapore Council (<a href="http://www.designsingapore.org">www.designsingapore.org</a>).</li> </ul>

The above information is intended for better general understanding and is not intended to comprehensively address all possible issues that may arise. While every effort has been made to ensure that the above information is consistent with existing policies and practice, should there be any changes, IRAS reserves the right to vary its position accordingly. For the latest information, please refer to IRAS' website at [www.iras.gov.sg](http://www.iras.gov.sg).

# EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

## COMPUTATION OF TAX PAYABLE

ANNEX

	<u>S\$</u>	<u>S\$</u>	<u>Form C-S (Box No.)</u>	<u>References (see below)</u>
Net Profit/ (Loss) Before Tax (per financial statements)		150,000	1	
Less: Separate Source Income				
- Overseas interest income	(6,900)			
- Gross rental income	<u>(36,000)</u>			
		(42,900)	2	
Less: Non-taxable income				
- Gain on sale of fixed assets		<u>(1,000)</u>	3	
		106,100		
Add: Non-tax deductible expenses				
- Depreciation	1,500			
- Donations	350			i
- Deductible expenses related to rental income	5,000			
- Fines and penalties	600			
- S-plated car expenses	<u>180</u>			
		7,630	4	
<b>Adjusted profit/ (loss) before other deductions</b>		<b>113,730</b>	5	
Less: Enhanced deduction for external training (250 x 300%)		<u>(750)</u>	7	
<b>Adjusted profit/ (loss) before capital allowances</b>		<b>112,980</b>	9	
Less: Unutilised capital allowances brought forward		(2,000)	11	iii
Current year capital allowances		(3,000)	12	
Enhanced capital allowances		<u>(9,000)</u>	13	iv
<b>Adjusted profit/ (loss) after capital allowances</b>		<b>98,980</b>		
Less: Unutilised losses brought forward		<u>(1,000)</u>	14	iii
		<b>97,980</b>		
Add: Separate source income				
- Gross rental income	36,000		15a	
- Less: Deductible expenses related to rental income	<u>(5,000)</u>		15b	
- Net rental income		31,000	15c	
- Interest income (remitted during the year)		<u>6,900</u>	16	
<b>Total income/ (losses) before donations</b>		<b>135,880</b>	18	
Less: Unutilised donations brought forward		(1,250)		v
Donations to approved Institute of Public Characters (IPCs)		<u>(600)</u>		ii
<b>Chargeable income before exempt amount</b>		<b>134,030</b>		
Less: Partial exempt amount				
- First S\$10,000 @ 75%	(7,500)			
- Next S\$124,030 @ 50%	<u>(62,015)</u>			
		(69,515)		vi
<b>Chargeable income after exempt amount</b>		<b>64,515</b>		
Tax assessed at 17%		10,967.55		
Less: Corporate income tax rebate (40% x 10,967.55)		<u>(4,387.02)</u>		vii
<b>Net tax payable</b>		<b>6,580.53</b>		

**References:**

- i. Donations made to both approved Institute of Public Characters (IPCs) and non-IPCs are not tax deductible expenses and must be added back.
- ii. Approved donations made during the financial year = S\$240  
Qualifying tax deduction = S\$240 x 2.5 = S\$600  
The qualifying deduction of S\$600 will be **automatically included** in the company's tax assessment for YA 2018 based on information from IPCs. Companies need not declare the donation amount separately in the Form C-S but need to less out the amount in Box 4 – Non-Tax Deductible Expenses. The "View Donation" e-Service, which is available at myTax Portal, allows the company to view the donations made to approved IPCs.
- iii. Please refer to Section 1 (Boxes 11 and 14) and Section 3 (Boxes 30 and 31) of the Explanatory Notes to Form C-S.
- iv. Please refer to Section 1 (Box 13) of the Explanatory Notes to Form C-S.



## EXPLANATORY NOTES TO FORM C-S FOR YEAR OF ASSESSMENT (YA) 2018

- v. The unutilised donations brought forward will be automatically included in the company's tax assessment for YA 2018. This is provided the amount utilised did not exceed the maximum of 5 years, which it was allowed to be carried forward to set-off against income in the subsequent YAs. E.g. Only approved donations unutilised from YA 2013 to YA 2017 can be used to set-off against the chargeable income in YA 2018.
- vi. Computation of Tax Exemption Scheme for New Start-up Companies (if applicable):

	S\$
100% on the first S\$100,000	100,000
50% on the next S\$34,030	<u>17,015</u>
Total Exempt Amount	<u><u>117,015</u></u>

Please refer to Section 4 (Box 32a) of the Explanatory Notes to Form C-S for the qualifying conditions on the Tax Exemption Scheme for New Start-up Companies.

- vii. This amount is computed automatically based on 40% of tax payable, capped at S\$15,000. For more details, please refer to the IRAS' website under [Business > Companies > Learning the basics of Corporate Income Tax > Corporate Tax Rates, Corporate Income Tax Rebates, Tax Exemption Schemes and SME Cash Grant](#).