



Singapore Healthcare Management 2017



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Background

Under Income Tax Act, a person who makes payment(s) of a specified nature to a non-resident company or individual is required to withhold a percentage of that payment and pay the amount withheld (called 'Withholding Tax') to Inland Revenue Authority of Singapore (IRAS).

SingHealth group of companies often invite foreign medical experts to share their expertise & knowledge in Singapore. The nominal fee paid to the foreign speaker and any benefits-in-kind is subjected to withholding tax. The engagement fees due to consultants or for technical services from a foreign company is also subjected to withholding tax.

IRAS will impose a penalty when the withholding tax return is not submitted to IRAS by the stipulated deadline.

As the department arranging for the foreign expert's trip to Singapore (users) are not finance trained, some of the challenges faced by users include not knowing:


- ? **What are taxable benefit**
- ? **When to submit invoices / receipts**
- ? **How to compute withholding tax**


Reducing penalties incurred from withholding tax reporting


Results

With the implementation of the improved withholding tax checklist, the users are now aware of the various deadlines (checklist submission and IRAS reporting deadlines) and this **reduces the risk** of the institution incurring penalties due to late submission. The new checklist is also **more user friendly** due to the built in Excel formulas which automates some of the fields found in the form.

 Presence of a **dynamic field** showing the IRAS submission deadline serves as a reminder to the user of the deadlines.

 **Drop down fields** and expenses are now listed clearly which **reduces the risk of misstatements and omissions**. This create awareness to users on the types of expenses are taxable benefits to the foreigner.

 The inclusion of an "estimated withholding tax payable" field gives the users the **estimated additional cost** that will be charged to their cost centre, if withholding tax is borne by the department.

 A hyperlink embedded in the checklist brings user to SingHealth infopedia web page. This allows the users to **contact Finance Shared Services**, if user has any queries or **obtain more information** on withholding tax regulations.

METHODOLOGY


To minimize penalties incurred due to late withholding tax submission, we realised that the withholding tax checklist has to be revamped. Users need to know the purpose of completing the checklist; the documents to submit and by when do they need to notify Finance Shared Services for withholding filing.


In February 2017, the withholding tax checklist was revamped after discussion with internal stakeholders (within Finance Shared Services) and then sent to the various institutions finance and other users for feedback.

Changes made to the withholding tax checklist include:

 **A dynamic field showing the IRAS submission deadline and the estimated tax payable based on the user's input as shown below:**

IRAS Submission Deadline: **15 Aug 2017** Estimated Withholding Tax Payable: **\$ 35.29**
Please submit completed withholding tax checklist and all relevant supporting documents to FSS-AP, Payment section at Connection 1, Tower 5, Level 20 **on/before 01 Aug 2017**. Any late / over due submission, the department shall bear the tax penalties.

 **A "contact us" hyperlink directing users to the FSS's department page on the infopedia as shown below:**

 **A list of common expenses as shown on the right:**

Types of Expenses *
Honorarium / Professional Fee
Allowance / Stipend
Transport
Food / meals provided
Others, please specify:
Hotel Accommodation
Airfare (delete where appropriate)

Withholding Tax Checklist for Reimbursement to Foreign Company / Foreigner
Institution: Please select institution name Co. Reg No.
Non-Resident Foreigner Company Resident Not applicable to foreign participant.

CONTACT US 

Conclusion

The improved withholding tax checklist serves as an **reminder** to the users of the various deadlines and what types of supporting documents the users need to submit.

The checklist is built from users perspective - make it user friendly and use layman terms which is **easy to understand**. This benefits the institutions in both monetary terms (**penalties avoided/ reduced**) and **manpower hours saved** in answering users enquiries on withholding tax matters.

The improved checklist has been used by the various institutions benefiting all institutions across the cluster!

