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# Tax Alert

## July 2023



# Withdrawal of Concessionary Tax Treatment for Overseas Pension Contributions

As a tax concession, employer's contributions to an overseas pension/provident fund are not taxed in the hands of employees provided that all the following conditions are satisfied:

- Contributions are mandatory under social security schemes operated, regulated and supervised by the employees' home country government even though the employees are working outside their home country; and
- Contributions are not borne by, or no deduction is claimed by, any permanent establishment/company in Singapore

The concessionary tax treatment is not applicable for employees of entities that are investment holding companies, service companies adopting the "cost plus mark-up" basis of assessment, tax-exempt bodies, representative offices or foreign companies not registered in Singapore.

With effect from Year of Assessment (YA) 2025, the concessionary tax treatment will cease, which means employer's contributions made on or after 1 January 2024 to an overseas pension or provident fund are taxable in the hands of employees upon contribution and deductible to employers as per the normal tax rules.

## GST treatment for the supply of Carbon Credits

From 23 November 2022 onwards:

- GST is no longer chargeable on the consideration received for the issuance, transfer or sale of the carbon credit.
- Carbon credits purchased from overseas exchanges or overseas suppliers are not subject to GST

## Contact Us

If you need assistance or advice on the above, we are here to assist you.



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