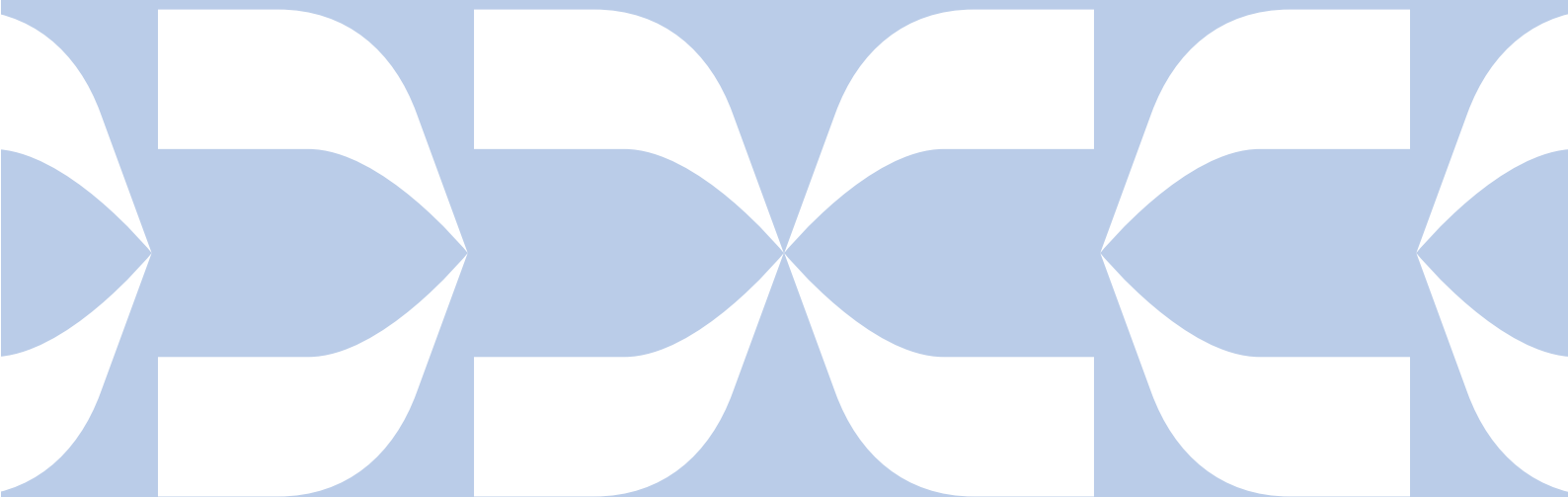




# The Helpful Tax Guide

*for Freelancers and in Singapore*



If you are a freelancer in Singapore, one of the things that you might dread is the tax paying season. The process to pay your taxes may not be clear and might be too complicated, especially if you are not very familiar with numbers.

But don't fret!

Read this guide now and allay your anxiety about meeting your tax obligations with Singapore.

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# How to Identify as a Freelancer in Singapore

*Are you a freelancer? How can you be certain?*

Thankfully, the IRAS lists down the important factors to [identify if you are classified as a freelancer in Singapore.](#)

According to IRAS, you are a freelancer, or a self-employed person, if you are paid on a per-job or hourly basis, if you invested capital in the company that you work in, you control your working hours, you can work for more than one company at a time, you use your own tools (for example, your own laptop) to fulfil your work, and/or if the company does not provide you with medical insurance.

Those are some of the simple factors, but you can check the link above to learn more. But basically, if you are not considered to be fully employed by the company, then you are a freelancer.

Professional workers who also offer their services, like online tutors, taxi drivers, hawker stall owners, online sellers and similar jobs are also considered as freelancers/self-employed persons under IRAS.





# Taxes for Freelancers

There are many factors that determine how much taxes a freelancer pays. One of these factors is if the freelancer is considered as a Singapore tax resident.

A tax resident is defined according to the following:

- ▶ A Singaporean citizen or a Permanent Resident who lives in Singapore
- ▶ A foreigner who had stayed in Singapore for 183 days or more during the determined taxable year

Additionally, you are only required to pay taxes once your income for the year exceeds **S\$20,000**.

How much tax does a tax resident have to pay? Singapore has a progressive income tax rate; the more you earn, the more you have to pay in taxes. Click the links below to learn more about the progressive income tax rates, or to compute your tax right away.

[Individual Income Tax Rates >](#)

[Tax Calculator >](#)

## *How about freelancers in Singapore who are non-residents, are they exempt from taxes?*

The answer is no. If you are this type of freelancer, you still have to pay taxes at 15% of your gross income or 22% of your net income. Check the link below to learn more about the two options.

[Treatment of Income for Non-Resident Professional >](#)

Of course, all of these become more complicated if you don't know how much you are actually earning from your gigs. Try to keep a meticulous record of all your earnings; log them onto a spreadsheet for easy reference.

# Filing Your Income Tax as a Freelancer



So you have now determined if you are a resident or non-resident, and how much you have to pay. How do you actually pay the taxes?

First, you have to determine the start and end of your 12-month accounting period. You can choose to start and end at any month, but it's easier if you just choose January and December.

Next, prepare everything that you need for the submission. These include accounting records, copies of the invoices that you issued to your clients, and even receipts that you received from your suppliers or vendors. Again, this is easier if you were diligent in keeping records throughout the whole year.

Then you have to prepare your Statement of Accounts, which comprises:

1. Profit and Loss Accounts
2. Balance Sheet

By preparing your Statement of Accounts, the information will be useful for you to know whether your business is making a profit or a loss, it will help ease the process of your tax filing. Depending on the income earned, you are required to prepare a **2-line statement** or a **4-line statement** for filing of your Income Tax Return.

If the income earned is *less* than S\$200,000, you should report your business using a *2-line statement*:

#### 2-Line Statement

1<sup>st</sup> Line – Revenue

2<sup>nd</sup> Line – Adjusted Profit

##### Example:

Kelly provides consultancy services and offers consultation to companies. He earned S\$80,000 last year. His allowable business expense is about S\$5,000. Using the 2-Line statement, this will be the calculation:

Revenue	S\$80,000
Adjusted Profit	S\$75,000

If the income earned is *more* than S\$200,000, you should report your business using a *4-line statement*:

#### 4-Line Statement

1<sup>st</sup> Line – Revenue

2<sup>nd</sup> Line – Gross Profit/Loss

3<sup>rd</sup> Line – Allowable Business Expenses

4<sup>th</sup> Line – Adjusted Profit & Loss

##### Example:

Natalie sells kids' clothing. She earned S\$500,000 last year. The cost of her goods is S\$150,000. Her allowable business expense is S\$50,000. Since her income is more than S\$200,000. She will report her tax by using a 4-Line statement.

Revenue	S\$500,000
Gross Profit/Loss	S\$150,000
Allowable Business Expenses	S\$50,000
Adjusted Profit	S\$300,000

# Reducing Your Taxes (Legally)

Often freelancers are not aware that claiming certain expenses helps in the reduction of their taxes. These deductions may include capital allowances, regular business expenses, medical expenses and R&D expenses. They can also be any business expenses that you incur during the running of your business. However, do note that only allowable business expenses may be deducted against your income.

Some tax reliefs and rebates are targeted at certain groups of taxpayers to promote specific social and economic objectives:

General Reliefs Available to All Taxpayers	Additional Reliefs Available to Married/ Divorced/ Widowed Taxpayers	
	Available to Male and Female Taxpayers	Available to Female Taxpayers
<ul style="list-style-type: none"> <li>• Course Fees Relief</li> <li>• CPF Cash Top Up Relief*</li> <li>• CPF Relief*CPF / Provident Fund Relief: For Employees Only</li> <li>• CPF/ Provident Fund Relief: For Self-Employed/ Employee who is also Self Employed</li> <li>• CPF/ Provident Fund Relief: Compulsory and Voluntary Medisave Contribution</li> <li>• Earned Income Relief</li> <li>• Handicapped Brother/ Sister Relief</li> <li>• Life Insurance Relief</li> <li>• NSman (Self) Relief</li> <li>• Parent/ Handicapped Parent Relief (For maintenance of parents, grandparents &amp; great-grandparents, including in-laws)</li> <li>• Supplementary Retirement Scheme (SRS) Relief</li> <li>• *Applicable to Singapore Citizens and Singapore Permanent Residents (PRs) only.</li> </ul>	<ul style="list-style-type: none"> <li>• NSman (Parent) Relief</li> <li>• Qualifying/ Handicapped Child Relief</li> <li>• Spouse/ Handicapped Spouse Relief</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign Domestic Worker Levy Relief</li> <li>• Grandparent Caregiver Relief</li> <li>• NSman (Wife) Relief</li> <li>• Working Mother's Child Relief</li> </ul>

To know more about the individual tax reliefs, you may refer to: [Tax reliefs, rebates and deductions >](#)

# Getting Help from the Experts

All of these sound soooo complicated that you may be tempted to skip paying your taxes altogether. This is a terrible idea. Aside from the penalties that you can get, your career as a freelancer will quickly end.

The best solution here is to talk to a great service provider that can help you prepare your taxes. Why not try talking to Lanturn to know your options?



If you are a freelancer and are thinking of incorporating your company, Lanturn can assist you with the administrative process. Lanturn can assist you to incorporate your company in Singapore, all you need to do is fill in our 5-minute incorporation tool and appoint us as your company secretary. We also have a number of company incorporation packages with different add-ons that you can pick and choose according to your business structures.

[Talk to Lanturn Now](#)

