

Becoming a Singapore Permanent Resident

An overview of personal taxation and immigration considerations





Attracting foreign talent to live and work in Singapore continues to be an ongoing objective for the government. Of particular focus is the encouragement of foreigners to establish longer term links by obtaining Singapore Permanent Resident (SPR) status.

The available avenues for a SPR application can broadly be categorised into the Global Investor Programme (GIP), Financial Investor Scheme (FIS), and the Professional, Technical Personnel and Skilled Workers Scheme (PTS).

The PTS is the most popular route for professional and highly skilled individuals, who are existing Employment Pass holders, to achieve SPR status without the requirement of a substantial capital investment. This guide provides an overview of key areas that an individual may wish to consider when evaluating whether to apply via this scheme.

Permanent Resident status

One of the main advantages of obtaining SPR status is that it enables the individual to live and work in Singapore for a period of at least five years.

Once an individual obtains SPR status, they no longer require an Employment Pass to work in Singapore. This provides some additional flexibility in relation to the ability to change jobs, or remain in Singapore in between employment.

Family members

The spouse and unmarried children below the age of 21 years can be included in an application for SPR.

Upon obtaining SPR status, the applicant's existing Employment Pass and all related family passes would be cancelled by the immigration authorities. It is therefore important to consider in advance the immigration options available for family members not included in the SPR application to enable them to continue living in Singapore.



Central Provident Fund

The Central Provident Fund (CPF) is a mandatory retirement savings plan designed for Singapore citizens and SPRs. One of the key objectives of the plan is to provide its members with a vehicle for retirement savings and also help meet their housing ownership and medical needs. Foreigners who do not hold SPR status are not eligible to contribute to the CPF scheme.

All contributions made by the employer and employee are credited to the individual account of the member and the monies can be withdrawn by its members, subject to certain limitations, before retirement to meet the members' needs in relation to home-ownership, healthcare, family protection and asset enhancement.

As a SPR, both the employee and the employer would be required to make monthly contributions to the CPF. The current full employer CPF contribution rate is 14.5% and employee rate is 20%. The overall income (i.e. 'ordinary wages' and 'additional wages' such as bonuses) on which these contributions are levied is capped at SGD76,500 for 2008.

A new SPR would have the option to take advantage of lower phase-in rates for the first two years of SPR status, as indicated in the table below:

Year of Acquiring SPR status	Employer Contribution (% of wage) ¹	Employee Contribution (% of wage)
1st	4	5
2nd	9	15
3rd	14.5	20

Worked examples illustrating how the contributions may vary during the first three years of acquiring SPR status are provided in Appendix 2.

Other than withdrawals for the abovementioned investment purposes, the CPF funds can be withdrawn when its members reach the retirement age of 55 years after settling aside a minimum sum in their account.

CPF monies are tax exempt when they are withdrawn at any stage. Subject to approval by the CPF Board, a SPR leaving Singapore permanently may withdraw the CPF monies prior to retirement age if their SPR status is formally renounced. ²

¹ Please note that employer contributions may vary with the age of the employee. The rates shown are for employees aged 50 years and below.

² Generally, SPRs who are Malaysia citizens are only allowed to withdraw the CPF monies under specific conditions.

Tax exemption and relief on CPF contributions

The employer's statutory contribution to the individual SPR's CPF fund is tax exempt and the statutory employee's contribution to their CPF account qualifies as a tax relief.

Taxation residence status

A SPR with a permanent home and social ties in Singapore is generally regarded as a Singapore tax resident. However, SPR status is not the sole factor in determining an individual's Singapore tax residency. This is a complex area and an individual would be advised to seek specialist advice in relation to any queries relating to his or her tax residency status.

Tax concession on home leave passage not applicable

The cost of qualifying employer-paid home leave passages for an Employment Pass holder and his spouse and dependant children is taxable at a concessionary rate. This concession does not apply to SPR individuals.

Children's schooling

School fees for local Singapore schools are subsidised for a child who is a Singapore citizen or SPR. By comparison, a foreign student is not entitled to any subsidy and is therefore liable to pay higher fees at relevant schools.





Ownership of real property

Singapore real estate regulations are complex and the restrictions relating to a foreigner's eligibility to purchase vary according to the specific type of property; however the broad categories can be summarised as follows:

Condominium developments

Non Singapore citizens (including SPRs) are permitted to purchase apartments within a building or a unit in an approved condominium development.

HDB apartments

The Housing & Development Board (HDB) is the Singapore authority responsible for planning and developing public housing. SPRs are eligible to buy resale HDB apartments although this remains subject to the relevant eligibility schemes. Foreign citizens who do not hold SPR status are not eligible to purchase HDB apartments.

Landed property

Only Singapore Citizens and SPRs are eligible to purchase landed property, however SPRs are required to obtain prior approval from the authorities.

The Singapore Land Authority and Housing & Development Board websites provide further details relating to eligibility schemes and procedures for purchasing real estate in Singapore.

National service

The basic provision under the Enlistment Act is that all male Singapore citizens and SPRs are liable for National Service (NS) upon reaching 16.5 years of age. Unless a deferment is granted, enlistment for the two years of full time NS is immediate upon reaching 18 years of age. Thereafter, they are required to serve 40 days of Operationally Ready NS every year until the age of 50 years (officers) or 40 years (for other ranks).

Male applicants who are granted SPR under the PTS are exempted from enlistment to NS. However any male dependant children that are included in the main applicant's SPR application would be liable for NS based on the above criteria.

In these and other circumstances, the alternative options of a Student Pass for a child attending school in Singapore or Long Term Visit Pass for a child who is not yet attending school may be considered.

Public healthcare

A SPR will be entitled to certain public healthcare subsidies, and may be eligible to participate in various healthcare financing schemes.

Human organ transplant

The Human Organ Transplant Act (HOTA) allows for human organs (namely kidneys, liver, heart and cornea) to be recovered for transplantation purposes in the event of death due to any cause. This applies to all Singapore citizens and SPRs between the ages of 21 to 60 years and who are of sound mind, unless expressly opted out by the individual.

Visiting family members

A SPR is eligible to sponsor a Long Term Visit Pass for visiting family members including parents and parents-in-law to enable them to remain in Singapore for a longer duration of time.

Singapore citizenship

An individual who has held SPR status for a minimum of two years will fulfil the provisional eligibility criteria to apply for Singapore Citizenship.

Related Weblinks

Central Provident Fund	www.cpf.gov.sg
Ministry of Manpower	www.mom.gov.sg
Immigration and Checkpoints Authority	www.ica.gov.sg
Singapore Land Authority	www.sla.gov.sg
Housing & Development Board	www.hdb.gov.sg

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Singapore personal income tax rates ¹

	Taxable Income \$	Rate %	Tax \$
On the first	20,000	0	0.00
On the next	10,000	3.50	350.00
On the first	30,000		350.00
On the next	10,000	5.50	550.00
On the first	40,000		900.00
On the next	40,000	8.50	3,400.00
On the first	80,000		4,300.00
On the next	80,000	14.00	11,200.00
On the first	160,000		15,500.00
On the next	160,000	17.00	27,200.00
On the first	320,000		42,700.00
On income above	320,000	20.00	

¹ Rates of tax are applicable to a tax resident for income year 2008 (Year of Assessment 2009).

² Taxable income is income after deduction of any allowable deduction/reliefs.

Singapore CPF contribution examples

Example Remuneration	Non - SPR	Singapore Permanent Resident (SPR)		
		Year 1	Year 2	Year 3
Salary (SGD 5,500/month)	66,000	66,000	66,000	66,000
Bonus	25,000	25,000	25,000	25,000
Total Income	91,000	91,000	91,000	91,000
Less: Personal Deductions				
Earned Income	(1,000)	(1,000)	(1,000)	(1,000)
CPF Contributions Non – SPR	N/A			
SPR – Year 1 [[$(4,500 \times 12) + (76,500 - 54,000)$] x 5%		(3,825)		
SPR – Year 2 [[$(4,500 \times 12) + (76,500 - 54,000)$] x 15%			(11,475)	
SPR – Year 3 [[$(4,500 \times 12) + (76,500 - 54,000)$] x 20%				(15,300)
Total Taxable Income	90,000	86,175	78,525	74,700
Tax:				
Non – SPR / SPR Year 1				
First 80,000	4,300	4,300		
Next 10,000/6,175@14%	1,400	864		
SPR Year 2 / Year 3				
First 40,000			900	900
Next 38,525/34,700@8.5%			3,274	2,949
Total Tax Payable	5,700	5,164	4,174	3,849
Net Cash After Tax & CPF Contributions	85,300	82,011	75,351	71,851

¹ The example is based on the following facts; 35 year old man, unmarried, tax resident in Singapore. It is assumed that his income and bonus will be fixed at SGD 5,500 and 25,000 respectively for three years.

² Rates of CPF are applicable to an SPR for income year 2008 (Year of Assessment 2009).