FAQs

Employee Overseas Posting

Overview - DTDi for Employee Overseas Posting (DTDi EOP)

DTDi EOP	DTDi EOP aims to provide greater support for businesses expanding overseas and to create skilled jobs for Singaporeans.
Qualifying conditions	a) The employee is a Singaporean or permanent resident of Singapore; b) The employee's posting lasts at least one year, and is designed to further the applying business's expansion plans and provide the employee with opportunities to gain new skillsets; c) The employee is contractually employed by the applying business throughout the supported period, and the salary expense is incurred by the applying business; d) The salary expenditure cannot be deducted against any income that may be liable to tax in the overseas jurisdiction; and e) The overseas entity was set up or acquired (including equity interests therein) by the applying business for not more than three years.
Tax Benefits	Applications are subject to Enterprise Singapore's ("ESG") approval. If granted, the tax deduction will be available on up to five employees' salaries per year. Qualifying salary expenses will be capped at S$15,000 per month per employee.
Duration of Support	The tax deduction will be applicable for the first three years of establishment or acquisition (including of equity interests therein) of the overseas entity.
Application	As with the rest of DTDi applications requiring approval, please submit applications to ESG through the DTDi Incentive Portal.
Supporting Documents	For qualifying expenditure approved by ESG, businesses should submit the letter of support to IRAS when filing the business's annual income tax return. In your submission, you should include all letters of support or letter of approval relating to the basis period of claim and a schedule to the tax computation stating the following: a) Amount of expenses incurred;

	b) Date or period in which the expenses were incurred; c) Corresponding amount of further or double tax deduction claimed; d) Corresponding amount of further or double tax deduction not claimed (i.e. for cases where the total expenses incurred exceeds the combined expenditure cap of S$1 million mentioned in Section 14K of the Income Tax Act); e) Section of the Income Tax Act claimed under; and f) Reference number of all relevant letters of support. The tax deduction allowed under the DTDi scheme should be shown in the tax computation. Businesses must also maintain documentation to prove the purpose and quantum of expenditure, and make them available to IRAS upon request. A post-evaluation report must be submitted to ESG at the end of the employee's posting.

Qualifying expenses are computed net of any grant or subsidy from the Government or statutory boards.

1. **What is an "overseas entity"?**

An overseas entiy refers to an entity:
a) That is established in the overseas jurisdiction;

b) That is set up or acquired by the applicant for not more than three years for the purpose of seeking out new business lines, new geographical markets or new products - aligned with the applicant's intent and efforts to internationalise; and

c) Whose share capital is (partly or fully) owned by the applicant at the point of application and throughout the support period

An overseas entity must be in the form of a branch, a company, a partnership or a representative office.

2. **If my business has already established/acquired an overseas entity before the effective date of enhancement (1 July 2019), can we claim DTDi when an employee is subsequently posted to that overseas entity after 1 July 2019?**

Yes, the support period will be from the start date of the overseas posting, to the earlier of the end date of the overseas posting or last day of the three-year period from the date of establishment or acquisition of the overseas entity.

3. **What is a "qualifying employee"?**

A qualifying employee refers to an employee that is contractually employed by the applicant at the point of application, and throughout the duration of the support period.

Please note that the employee must be:
a) Contractually employed by the applicant at the point of application, and throughout the duration of the support period;

b) The salary expense must be incurred by the applicant; and

c) The salary expense must not be deducted against any income that may be liable to tax in the overseas jurisdiction.

4. **What are "qualifying salary expenses"?**

Qualifying salary expenses refers to the basic salary which excludes bonuses, commissions, taxes, allowances, overtime and other benefits (e.g. relocation cost, tax equalisation package, benefits-in-kind).

A Singapore business may make a DTDi claim if the employee is paid by the overseas business provided the salary cost is being recharged to the Singapore business[1].

The Singapore business should retain from the overseas entity proper documentary proof[2]. The overseas entity must not be deducting such salary expense against any income that may be taxed overseas.

5. **If my business is a partnership, can we make a DTDi claim for an equity partner who is being posted to an overseas entity?**

No, an equity partner is not an approved employee for this enhancement.

6. **What is the maximum amount of deductions an applicant can claim per year of assessment?**

Businesses may claim a double tax deduction, subject to an expenditure cap of $1 million per year of assessment, on qualifying salary expenses incurred for employees posted overseas and qualifying overseas investment development expenses under section 14K of the Income Tax Act ("ITA"). This is notwithstanding the number of approved employees posted overseas and approved overseas investment development projects.

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[1] Costs should be incurred by the Singapore business and treated as a salary expense in the books belonging to the Singapore business).

[2] Examples include payment made to the employee, co-shared portion of the salary cost incurred by the Singapore business, and inter-billing of the co-shared portion of the salary cost to the Singapore business for cost recovery.