



Other Payments

Tax Treatment of Various Payments (Summary Table)

Nature		Taxable/ Not taxable
1	Absentee payroll for attending training courses during or after office hours under Skills Redevelopment Programme (SRP)	Payment from both SRP and employer are taxable
2	Conditional payments made in advance Example: retention bonus/ gratuity	Taxable See Refund of Conditional Payments Made (below).
3	Inflation bonus (cash/ vouchers)	Taxable
4	Laundry allowance	Taxable, unless it is made for washing special clothing, e.g. protective clothing
5	Maternity Leave Benefit	Taxable
6	NSman pay	Taxable When filling in the Form IR8A, exclude NSman pay made directly to an employee by MINDEF, Singapore Civil Defence or Singapore Police Force as they will send the information to IRAS.
7	Skills Development Levy (SDL)	Not taxable More information on SDL can be found in CPF website .
8	Contributions made by employer to employee's Supplementary Retirement Scheme (SRS) account	Taxable
9	Relocation allowance	Taxable For details, see Relocating to Singapore .
10	Contributions made by employer to any pension/provident fund outside Singapore	Taxable Also see Concessionary Tax Treatment on Overseas Pension / Provident Fund Contributions
11	Employment Assistance Payment	Not Taxable

Conditional Payments Paid in Advance

Some employers make payment to employees even though the employees are not entitled to it at the date of payment.

These employers are paying the employees in advance. The employee is required to refund the payment if he subsequently fails to fulfill the conditions attached to the payment.

Payments with conditions attached and are commonly made in advance include:

i. Retention Bonus/Gratuity

The intention of this payment is to induce an employee to stay on with the company for a specific period or up to a certain date. An employee is entitled to the payment only after he has fulfilled the conditions.

Some employers pay part of or the full bonus/ gratuity earlier so as to make the scheme more attractive to employees.

ii. Bonuses with Conditions of Stay

While the non-contractual bonus is paid based on the performance of the employee or company, some employers attach conditions like the employee served "x" months from the date of payment, or the employee remains an employment up to a certain date.

Generally when an employer makes a conditional payment in advance, the payment is considered to be income of the employee based on date of payment.

If the conditions are subsequently not met and the employee returns the bonus in full or in part, the amount refunded to the employer is considered as an adjustment of his employment income in the year the refund is made.

Refund of Conditional Payments Made

Generally a payment consists of three components: the cash component, employer's contribution to CPF (if any) and employee's contribution to CPF (if any).

Where the advanced payment and refund happen in different years and the employee refunds only the cash component and not the CPF contributions, the sum refunded will be allowed as a deduction in the year of refund. The excess employer's contribution to CPF is taxable. The excess employee's contribution to CPF will not be granted CPF relief.

The above does not apply in the case where an employee is paying liquidated damages.

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Scenario 1: Employer Obtains Refund from CPFB



Scenario 2: Employers Does Not Obtain Refund from CPFB



Employment Assistance Payment

(Re-employment of Older Employees)

From 1 Jan 2012, employers are required under the Retirement and Re-employment Act (RRA) to re-employ their older employees until they reach 65.

This is to enable more people to continue working after the statutory retirement age of 62 (or contractual retirement age, whichever is higher). These employees must be medically fit to continue working and their performances must have been assessed to be satisfactory so as to be eligible for re-employment.

One-Off Employment Assistance Payment (EAP)

Where the employer is not able to find a suitable job for the eligible employee who wishes to work beyond his retirement age, the employer must offer a one-off Employment Assistance Payment (EAP) to the employee.

The RRA provides that employers are not obliged to make the EAP if:

- a. the eligible employees declined the employer's offer of re-employment; or
- b. the employees do not meet the eligibility criteria for re-employment under the new RRA.


As eligible employees will receive EAP only if the employers are unable to find suitable positions for them, the EAP is therefore not subject to tax in the hands of the recipients.

Find out more about Re-Employment of Older Employees on the [Ministry of Manpower](#) website.

Related Content

DOCUMENTS

Tax Treatment of Director’s Fees and Bonuses from Employment (Second Edition) (PDF, 327KB)




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