



Tax Residence Status of a Company and Permanent Establishment

Tax Residence Status of a Company*

Where a company is not able to hold its Board of Directors meeting¹ in Singapore due to the travel restrictions relating to COVID-19, IRAS is prepared to consider the company as a Singapore tax resident for Year of Assessment (YA) 2021, provided it meets all the following conditions:

- a. the company is a Singapore tax resident for YA 2020;
- b. there are no other changes to the economic circumstances² of the company; and
- c. the directors of the company have to attend the Board of Directors meeting held outside Singapore or if the meeting is held via electronic means (e.g. via video-conferencing, tele-conferencing, etc.) due to the directors being temporarily restricted in their travel as a consequence of COVID-19.

Conversely, where a company is not a tax resident of Singapore for YA 2020, IRAS will continue to consider the company as a non-resident for YA 2021, provided it meets all the following conditions:

- a. the company has to hold its Board of Directors meeting in Singapore due to the travel restrictions relating to COVID-19; and
- b. there are no other changes to the economic circumstances² of the company.

To support the claim that the company should continue to be treated as a tax resident or non-resident of Singapore, the company should keep relevant documentations and records (e.g. board minutes stating why the directors were attending board meetings from their respective locations), and to provide the relevant information to IRAS upon request.

*For information on how tax residence status of a company is determined, refer to [Tax Residence Status of a Company](#).

Permanent Establishment

Employees of a foreign company may have to remain in Singapore due to travel restrictions relating to COVID-19. IRAS will consider such unplanned presence does not result in the creation of a permanent establishment in Singapore for the foreign company, provided it meets all the following conditions:

- a. the foreign company does not have a permanent establishment in Singapore for YA 2020;
- b. there are no other changes to the economic circumstances² of the company;
- c. the unplanned presence of the employees in Singapore is due to travel restrictions relating to COVID-19 in 2020 and their physical presence in Singapore up to 31 Dec 2020[^] is temporary; and
- d. the activities performed by the employees during the unplanned presence would not have been performed in Singapore if not for the travel restrictions.

To support the claim that there is no permanent establishment in Singapore, the company should keep relevant documentations and records, and to provide the relevant information to IRAS upon request.

1. *During which the strategic decisions of the company are made.*

2. *These include:*

- a. *The principal activities and business model of the company;*
- b. *The nature of the business operations and the conduct of the business in Singapore and elsewhere; and*
- c. *The usual locations in which the company operates.*

[^] *This date is subject to review as the COVID-19 situation evolves.*

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