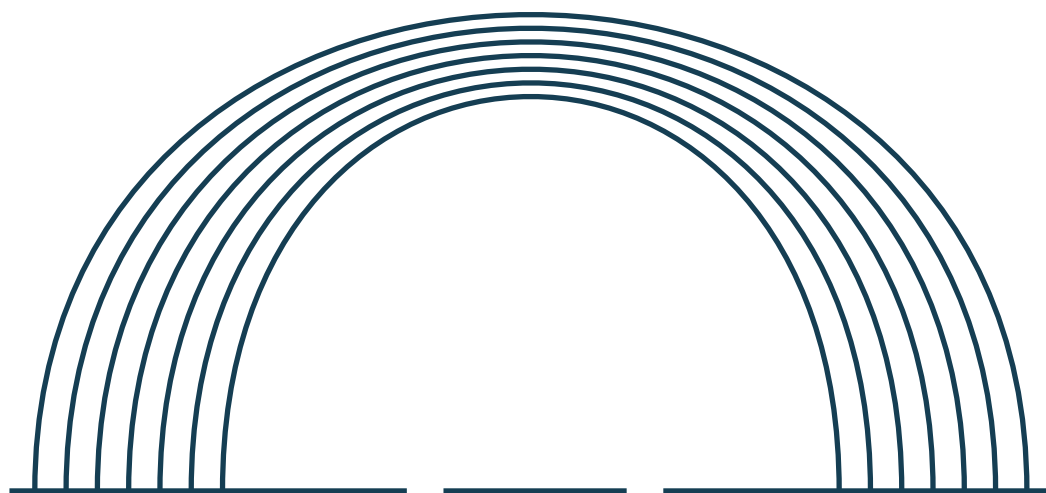


Singapore Taxation

Concepts &
Worked Examples



LEARN THE FRAMEWORK

GaaP Bridge

Bridge the GAAP. Close the Gap.

Contents

Introduction

From the author	7
How to use this book	8
Syllabus changes from December 2026	9
Abbreviations and reading key	12
Exam frequency / Study Reference pp 2–4	

Part I Foundations of Tax Analysis

Framework Tax decision framework	14
----------------------------------	----

Chapter 1 The Tax Decision Framework

1.1 The Singapore tax map	16
1.2 Year of Assessment and basis period	17
1.3 Capital revenue and source	18

Part II Individual Taxation

Framework Personal income tax framework	19
---	----

Form B and B1 filing maps	22
----------------------------------	----

Income schedules → Reliefs → Tax payable

Chapter 2 Residence and Taxable Income

2.1 Individual residence	24
2.2 Employment or self employment	26
2.3 Accommodation and other benefits	28
2.4 Cars shares and tax borne by employer	32
2.5 Rental and investment income	35

Chapter 3 Reliefs and the Personal Tax Computation

3.1 Personal reliefs eligibility first	38
3.2 Relief conditions and family planning	40
3.3 Rate table and non residents	43
3.4 CPF SRS and a complete individual calculation	45

Part III Business and Entity Taxation

Framework Business and entity tax framework 49

Form C filing maps 52

Accounts → Tax adjustments → Tax payable

Chapter 4 Business Forms and Income Allocation

4.1 Company residence and business forms 55

4.2 Investment entities partnerships trusts and clubs 57

4.3 Partnership allocations and capital restrictions 61

4.4 Self employed income and personal losses 63

Chapter 5 From Accounting Profit to Taxable Business Income

5.1 The business expense decision tree 65

5.2 Interest cars medical costs and pre commencement 67

5.3 Foreign exchange and financial instruments 71

Chapter 6 Capital Expenditure and Asset Lifecycles

6.1 Capital allowances eligibility and method 73

6.2 Renovation buildings and intellectual property 75

6.3 Innovation deductions and the EIS 79

6.4 Disposal balancing adjustments and section 24 84

Chapter 7 Loss Relief and the Corporate Tax Computation

7.1 Losses allowances and donations 86

7.2 Carry back and group relief 88

7.3 PTE SUTE rebates and incentives 91

7.4 The corporate computation waterfall 94

Part IV Cross Border Taxation

Framework Cross border tax framework	97
Cross-border workings	98
Trace the flow → Choose the filing route	

Chapter 8 Foreign Income Receipt Exemption and Credits

8.1 Foreign income and deemed remittance	99
8.2 Foreign sourced income exemption	101
8.3 Foreign tax credits and pooling	103
8.4 FTC attribution a full worked method	106

Chapter 9 Non Resident Exposure and Withholding Tax

9.1 Withholding tax domestic law first	108
9.2 WHT timing treaties and permanent establishments	110

Chapter 10 Related Party Transactions and International Tax Frameworks

10.1 Transfer pricing and financing	113
10.2 BEPS Pillar Two and information exchange	117

Part V Goods and Services Tax

Framework The GST framework	120
-----------------------------	-----

Chapter 11 GST Liability Supplies and Registration

11.1 GST architecture and supply classification	123
11.2 Place time and value of supply	126
11.3 GST registration and deadlines	128

Chapter 12 GST Recovery Cross Border Transactions and Reporting

12.1 Input tax recovery and partial exemption	131
12.2 Imported services OVR and low value goods	135
12.3 GST return business transfers and schemes	137

Part VI Transactions and Tax Planning

Framework Transaction and planning framework	139
--	-----

Chapter 13 Stamp Duty and Transaction Reliefs

13.1 Stamp duty instruments and valuation	141
13.2 Property duties and property holding entities	143
13.3 Reconstruction and associated entity relief	148

Chapter 14 Disposals Acquisitions and Financing Decisions

14.1 Share disposals and foreign asset gains	149
14.2 Acquisitions shares or assets	151
14.3 Financing and extracting profits	156
14.4 Planning avoidance and evasion	158

Part VII Compliance and Integrated Exam Practice

Framework Compliance and exam answer framework	160
--	-----

Chapter 15 Tax Administration and Dispute Resolution

15.1 Filing payment and records	162
15.2 Assessments objections refunds and penalties	165

Chapter 16 Integrated Cases and Exam Execution

16.1 Exam writing and calculation discipline	167
16.2 Integrated case company and foreign income	168
16.3 Integrated case business sale	170

Reference and additional practice

Practice for 2.4 Cars shares and tax borne by employer	171
Practice for 6.2 Renovation buildings and intellectual property	174
Practice for 6.3 Innovation deductions and the EIS	175
Practice for 4.2 Investment entities partnerships trusts and clubs	177
Practice for 12.1 Input tax recovery and partial exemption	180
Practice for 12.3 GST return business transfers and schemes	182
Practice for 15.2 Assessments objections refunds and penalties	185
Syllabus coverage map / Study Reference pp 5–8	
Outcomes 31-62 / Study Reference pp 7–8	
Historical rules for past papers / Volume 2 pp 247–249	
Edition register and date checks / Study Reference pp 9–11	
Revision notes / Study Reference p 12	
Source register	187



From the author

I am a USCPA and a member of ACCA and CPA Australia. My own qualification journey has taught me how much the quality of learning materials can affect a candidate's progress. As I began planning accounting content for a global audience, I wanted to return to the learner's side of the desk and ask what candidates actually need, and how a book can help them in practical terms.

That question led me to write this book. I wanted to connect rules that are often studied in isolation, make calculations easy to follow, and show how each working contributes to a tax return or a decision. A learner should be able to see why a step matters, where its result goes next, and how to apply it to an unfamiliar question.

This book reflects a serious attempt to design from the candidate's perspective. Clear explanations, readable pages and useful worked examples are part of the teaching itself. They should leave more of your attention available for understanding the subject.

My ambition also reaches beyond any single qualification. I hope this book can make a small contribution to narrowing gaps in education around the world. Learners come to accounting with different access to teachers, study materials and time. I want clear explanations and practical guidance to help more of them find a way forward, wherever they study. If this book makes a difficult concept more accessible and gives someone the confidence to continue, it will have served a purpose beyond helping them pass an examination.

My hope is that GaaP Bridge can help bridge the gaps that stand between CPA candidates around the world and effective study: gaps in understanding, in the connection between topics, and between knowing a rule and using it. I hope this book becomes a practical companion on your own journey.

About this edition

This independent GaaP Bridge study text supports the Singapore Chartered Accountant Qualification (SCAQ) Taxation module. It is not published, approved or endorsed by the Institute of Singapore Chartered Accountants (ISCA), the Accounting and Corporate Regulatory Authority (ACRA) or IRAS. Official materials remain the work of their issuing bodies. GaaP Bridge explanations and examples are distinguished from official source extracts.

How to use this book

Learn the whole return first

My approach is to learn the tax return as a whole before memorising every rule. First see where income enters, which deductions and reliefs change it, and how the final tax is reached. For both examinations and practice, understanding this structure comes before recalling isolated figures.

Begin with the Part I framework, then Chapter 1: identify who is taxed, the tax, the period, the income character and its source. Then follow each paired route below. Read the ordinary worked examples first; return for the detailed exceptions on your next pass.

First calculation	Read in Volume 1	Then practise
Personal income tax	• Framework pp 19–21; Form B/B1 filing maps pp 22–23. • Topics 2.1-2.3, 2.5 and 3.1-3.4.	Case A / V2 p 126
Corporate income tax	• Framework pp 49–51; Form C filing maps pp 52–54. • Profit adjustments, allowances and relief: Chapters 5-7.	Case B / V2 p 132
GST	• Framework pp 120–122. • Chapters 11-12: supplies, input recovery and the GST return.	Case C / V2 p 138

Note: V2 refers to Volume 2, Practice & Answer Writing; p indicates the page number in that volume.

Three passes through the material

1 Map. Explain the starting figure, each intermediate total and the final tax. Use the reading keys beside the first personal and company computations.

2 Build. Complete Cases A-C in Volume 2 from a blank worksheet. Explain each adjustment, compare the answer, then try the changed facts.

3 Extend. Return to tax-on-tax in 2.4, detailed relief conditions, foreign income and group transactions. Learn the applicable figures, then attempt original past-paper requirements using their YA and assumptions.

Both volumes share topic numbers: 8.3 means Chapter 8, topic 3. Amounts are S\$. PP means past paper; ER means examiner report; S01 onward identifies a source. Use the Study Reference edition register for date checks and the printed page references if e-reader links are inactive.¹

¹ PP means past paper, an original examination source. It is a source label, not a tax relief or statutory abbreviation.

ER means examiner report, used for marking observations and common errors. It is distinct from the original question and a worked solution.

Capital S plus digits identifies an entry in the Source register. Section or s plus a number identifies a legal provision when an Act is cited.

Part II Individual Taxation

FRAMEWORK / Classify the income before calculating the tax

One person can receive several kinds of income. Build a separate working for each source, decide what is taxable, then bring the results into one personal computation. The income category tells you which rules to use; it does not by itself mean that every receipt is taxed.

First identify the Year of Assessment (YA), its income period and the person's tax residence. The next two pages show the ordinary resident computation. Non-resident rules are introduced in 2.1 and 3.3.

Income category under section 10 ¹	What belongs here
Trade, business, profession or vocation	Sole-trader and freelance profits; the individual's share of partnership business income.
Employment	Salary, bonus, fees and taxable benefits from employment.
Dividends, interest or discounts	Returns from shares, deposits, loans or debt instruments, subject to any applicable exemption.
Pension, charge or annuity ²	Pension and other specified recurring entitlements, subject to their own exemption rules.
Rents, royalties and other property income	Returns from letting property or allowing others to use an asset or right.
Other gains of an income nature	Income that does not fall within the preceding categories.

Decide what enters the computation

Singapore one-tier dividends and interest on deposits with approved banks in Singapore are generally exempt for individuals. Exclude these amounts from taxable income. For other receipts, check the source, any exemption and whether the amount is income or capital before including it.³

Form B/B1 groups entries into employment, trade and other income. These filing labels are broader than the legal categories above. Rent and other taxable investment receipts therefore need their own workings even when reported under Other Income.⁴

Sources: [Income Tax Act s 10](#) | [IRAS income types](#) | [Dividends](#) | [Interest](#)

¹ Section 10 of Singapore's Income Tax Act lists the categories of taxable income. It is a legal provision, not Chapter 10 of this book.

² A pension is a retirement or similar periodic payment. Its legal income category does not override any applicable exemption. An annuity is a recurring payment under an arrangement, often for a fixed period or life; taxability depends on the applicable rules. In the statutory grouping pension, charge or annuity, charge denotes a legal income entitlement; it does not mean an ordinary cost or invoice charge.

³ Under Singapore's one-tier corporate system, qualifying company dividends are exempt in shareholders' hands; this is not a blanket rule for foreign dividends.

⁴ Form B is used for relevant self-employed resident individual returns; Form B1 serves other relevant resident individuals. Source schedules feed the personal computation.

From income to tax payable

FRAMEWORK / Know what each subtotal means

Read the computation from top to bottom. This basic map assumes no trade losses or unused capital allowances requiring further set-off. Each source working has already applied its eligible expenses and, for a business, any usable capital allowances.

Computation line	Meaning and position
Total statutory income¹	Add the taxable source results. Exempt receipts stay outside this total.
Less qualifying donation deduction	Use the permitted tax deduction, which can differ from the cash gift.
Assessable income²	The income remaining after the applicable income-side deductions.
Less personal reliefs	Apply eligibility and individual limits, then the overall S\$80,000 relief cap.
Chargeable income³	The amount on which the resident income tax is calculated.
Apply progressive resident rates	Compute tax band by band, or use base tax plus the excess in the relevant band.
Tax before credits and rebates	This is tax on chargeable income, before eligible reductions of the tax itself.
Less applicable tax credits and rebates	Apply each item's conditions, limits and prescribed order.
Net tax payable	The tax liability after those credits and rebates.

Keep the four kinds of reduction separate

Source expenses reduce the relevant income working. Qualifying donations reduce income before assessable income. Personal reliefs reduce assessable income to chargeable income. Tax credits and rebates reduce tax after the rates have been applied.

A S\$1,000 income deduction within a 7% band saves S\$70 of tax. A usable S\$1,000 rebate reduces tax by S\$1,000, subject to the tax available to offset. The personal-relief cap does not cap source expenses, donation deductions or rebates.

Trade losses and unused capital allowances add further income-side set-offs: follow 4.4 and Chapters 6-7 and do not deduct an amount twice. After assessment, payments already credited reduce the outstanding balance; they are not another tax relief.

Sources: [IRAS assessment terms](#) | [Donations](#) | [Reliefs and rebates](#)

¹ Statutory income is the income from each source after the relevant source-level tax adjustments, before subsequent relief stages.

² Assessable income is the personal-tax subtotal before personal reliefs, after the applicable earlier deductions such as qualifying donations.

³ Chargeable income is income used at the tax-calculation stage after allowable deductions and reliefs; a company's exemption is shown separately.

One person one complete computation

FRAMEWORK / Follow the amounts through the whole return

YA 2026 teaching example: a Singapore tax resident has the sources below, plus exempt one-tier dividends of S\$5,000 and approved-bank deposit interest of S\$1,000. All stated expenses, capital allowances, the 250% donation deduction and personal reliefs qualify. There are no losses or other sources.

Verified personal reliefs total S\$23,000. A usable Parenthood Tax Rebate (PTR) balance of S\$1,000 is available; no other tax credits or rebates apply. S\$350 has already been credited as payment against this assessment.¹

Computation	Working	S\$
Employment income	80,000 salary + 5,000 benefits - 1,000 expenses	84,000
Trade income after capital allowances	20,000 revenue - 8,000 expenses - 2,000 allowances	10,000
Net rental income	18,000 rent - 4,000 eligible expenses	14,000
Total statutory income	84,000 + 10,000 + 14,000	108,000
Less qualifying IPC donation ²	2,000 cash gift × 2.5	(5,000)
Assessable income	108,000 - 5,000	103,000
Less personal reliefs	Verified total; below 80,000 cap	(23,000)
Chargeable income	103,000 - 23,000	80,000
Tax on first 40,000	20,000 × 0% + 10,000 × 2% + 10,000 × 3.5%	550
Tax on next 40,000	40,000 × 7%	2,800
Tax before credits and rebates	550 + 2,800	3,350
Less PTR used	MIN(1,000, 3,350) ³	(1,000)
Net tax payable	3,350 - 1,000	2,350
Less payments already credited	Allocated to this assessment	(350)
Balance still to pay	2,350 - 350	2,000

The exempt S\$6,000 never enters statutory income. The gift reduces assessable income; personal reliefs reduce chargeable income; PTR reduces tax. The final S\$350 is a payment, not a deduction. Rebuild these stages before learning the detailed conditions in Part II.

Sources: [IRAS resident rates](#) | [PTR](#) | [Donation deduction](#)

¹ Parenthood Tax Rebate: a qualifying child-related reduction of tax, distinct from personal relief that reduces chargeable income.

² Institution of a Public Character: approved status relevant to qualifying donations. Not every payment to a charity receives the same tax deduction.

³ MIN selects the smallest listed amount: MIN(4,000, 3,000) = 3,000. It expresses a cap or lower-of calculation.

Part III Business and Entity Taxation

FRAMEWORK / Decide whose income the business produces

Business activity can belong to an individual, a partnership or a company. Start with the entity because that determines who is assessed. Then reconcile the accounts to tax and place each source of income in the correct return.

Business form	Who is taxed	Where the result goes
Sole proprietor	The individual owner.	The owner's trade-income working and personal computation in Part II.
Ordinary partnership	Partners are taxed on their allocated shares under the partnership rules.	The partnership reports its allocation; each partner brings the relevant share into its own computation.
Company	The company is a separate income-tax payer.	A company tax computation and the appropriate corporate return.
Trust or other special entity	The legal form, entitlement and specific tax rules decide the treatment.	A separate analysis in Chapter 4 before choosing a computation.

Keep the income sources separate

Source or receipt	Where to analyse it
Trading receipts	Sales and services of the business, less allowable costs in the adjusted trade-profit working.
Interest rent and royalties	Separate source workings unless they belong to the trade; match expenses to the correct source.
Dividends and foreign income	Test exemption, source and receipt conditions before inclusion. Singapore one-tier dividends are generally exempt.
Asset disposal proceeds	Test trading or capital character, balancing adjustments and any special charge. Proceeds are not automatically taxable profit. ¹

Then follow Chapter 5 for profit adjustments, Chapter 6 for asset allowances and Chapter 7 for losses, exemptions and final tax. Accounting profit is the starting evidence; the tax computation decides which receipts and deductions belong in the tax base.

Sources: [IRAS tax computation](#) | [Partnerships](#) | [Company rates and exemptions](#)

¹ Balancing reconciles disposal value with remaining tax value: an allowance gives a deduction, while a charge recaptures past allowances within the applicable cap.

From accounting profit to company tax

FRAMEWORK / Understand each line before the detailed rules

Stage	What changes and why
Accounting profit before tax	Start with the accounts for the correct basis period.
Add back disallowed expenses ¹	Reverse accounting depreciation, non-deductible items and expenses needing separate tax treatment.
Remove separately treated income	Exclude exempt receipts and take other-source income out of the trade working before analysing it separately.
Adjusted trade profit	The business result after revenue adjustments, before capital allowances.
Apply capital allowances	Use the tax deduction for qualifying assets; apply balancing adjustments where required.
Bring in other taxable sources	Add each separately computed taxable source once. Exempt income stays outside the tax base.
Apply usable losses and donations	Follow the eligibility, source restrictions and ordering rules in Chapter 7.
Chargeable income before exemption	The income remaining before the company exemption scheme.
Apply the relevant exempt amount	Partial or qualifying start-up exemption reduces the amount charged to the normal rate.
Calculate tax and apply tax reductions	Apply 17% to normal-rate taxable income, then eligible credits and the applicable YA rebate in the required order.
Net tax and outstanding balance	Tax after the reductions is the liability. Payments already credited reduce the amount still to pay.

Do not mix the three different reductions

A deductible expense or capital allowance reduces income. A company exemption removes a portion of chargeable income from the normal-rate charge. A tax credit or rebate reduces tax itself.

Companies do not claim the personal reliefs used in Part II.

The table is a route map, not a universal loss-offset formula. Carry-forward, carry-back, group relief, exempt income and different tax rates require the separate tests in Chapters 6-8. Preserve the source of every amount so a deduction or receipt is not counted twice.

Sources: [IRAS computation](#) | [Company exemptions and rebate](#) | [Loss relief](#)

¹ Add back reverses a deduction already made in accounting profit when tax does not allow it there; it does not mean cash is received again.

One company one complete computation

FRAMEWORK / Follow profit through to the remaining payment

YA 2026 teaching example: a company has one normal-rate trade and qualifies for partial tax exemption. All stated allowances and donation deductions qualify. There are no losses, other sources, foreign tax credits or incentives. It is not eligible for the CIT Rebate Cash Grant; CIT means corporate income tax.¹

Computation	Working	S\$
Accounting profit before tax	Starting accounts	200,000
Add accounting depreciation	No tax deduction for depreciation	20,000
Add disallowed expenditure	Assumed non-deductible	5,000
Add expensed qualifying cash gift	Claim its tax deduction below	2,000
Adjusted trade profit	200,000 + 20,000 + 5,000 + 2,000	227,000
Less capital allowances	Qualifying asset schedule	(30,000)
Income before donation deduction	227,000 - 30,000	197,000
Less donation deduction	2,000 qualifying gift × 250%	(5,000)
Chargeable income before exemption	197,000 - 5,000	192,000
Less partial tax exemption	10,000 × 75% + 182,000 × 50%	(98,500)
Chargeable income after exemption	192,000 - 98,500	93,500
Tax before rebate	93,500 × 17%	15,895
Less YA 2026 CIT rebate	MIN(15,895 × 50%, 40,000)	(7,947.50)
Net tax payable	15,895 - 7,947.50	7,947.50
Less payments already credited	Assumed allocated to this YA	(2,000)
Balance still to pay	7,947.50 - 2,000	5,947.50

The S\$2,000 gift is added back once, then the full S\$5,000 tax deduction is claimed. The YA 2026 rebate above uses the enhanced 50% rate and S\$40,000 cap. A company eligible for the separate S\$2,000 cash grant needs the grant interaction in 7.3; do not subtract that grant again as a tax payment.

Sources: [IRAS company rate and YA 2026 rebate](#) | [Donation deductions](#)

¹ Corporate Income Tax: tax on a company's taxable income, distinct from GST on supplies and stamp duty on specified transactions.

Chapter 6 Capital Expenditure and Asset Lifecycles

6.1 Capital allowances eligibility and method

IN THIS TOPIC / Replace accounting depreciation with tax relief

CA generally require qualifying plant or machinery provided for a trade, profession or business. Identify the function of the asset: business apparatus differs from the setting in which the business operates. Land is not depreciable plant. Demountable partitions can qualify as plant on the facts; they should not automatically be put into a renovation claim as well.

Method	Main mechanics	Decision point
Section 19 ¹	- Initial allowance: 20%. - Annual allowances: remaining 80% over the prescribed working life.	Identify the applicable life/election, commonly 6, 12 or 16 years
Section 19A Three years	One-third of qualifying cost each year	Common accelerated method
One-year allowance	Qualifying computers/prescribed automation and qualifying low-value assets	Check asset category and caps
Low-value assets	- Per asset: cost no more than 5,000. - Per YA: aggregate one-year claim no more than 30,000.	Excess qualifying assets may use another permitted method
Special two-year option	- First YA: 75%. - Second YA: 25%. - Specified acquisition years only.	Historical YA 2021, 2022 and 2024 measures are not permanent

¹ Income Tax Act section 19 provides the ordinary initial and annual allowance route for qualifying plant and machinery.

6.1 Workings and application

Worked example Replacing depreciation with CA

Step	Calculation	Tax adjustment
Qualifying plant cost	Three-year method	90,000
Add back depreciation	Accounting charge	+18,000
Deduct current CA	90,000 / 3	-30,000
Net adjustment to accounting profit	18,000 - 30,000	-12,000

Track original cost, cumulative allowances and TWDV separately. Accounting net book value is not the CA balance.¹

Deferral: eligible annual allowances may be deferred where permitted, which can preserve deductions for a more useful year. Section 19 initial allowance must be claimed in the YA the expenditure is incurred. If it is not claimed, annual allowances are calculated on 100% of cost over the prescribed working life. The special two-year write-off does not permit deferral. Deferral is different from claiming an allowance that then remains unutilised: the latter creates a balance subject to carry-forward tests.

Hire purchase: exclude finance interest from the capital cost.

Under section 19, initial allowance is 20% of deposit and principal instalments paid in the basis period; annual allowance is based on 80% of the full qualifying cost divided by the prescribed life.

Under the three-year section 19A method, each qualifying principal-payment tranche is written off over three years, including the relevant current and earlier tranches in the annual schedule. Do not claim CA on the future interest-inclusive instalment total.²

Working paper: asset → acquisition date → tax cost → elected method → current allowance → closing TWDV. This schedule should reconcile from one YA to the next and survive a disposal calculation.

¹ Tax Written-down Value: original qualifying cost less tax allowances already given, used in later allowances and disposal adjustments.

² Income Tax Act section 19A provides accelerated capital-allowance routes for qualifying assets. The relevant asset, period and election conditions still apply.

Sources: [PP], [ER: June 2022; December 2025; June 2026], S20.

Builds on 5.1: separate capital expenditure. Leads to 6.4: track the later disposal.

7.3 PTE SUTE rebates and incentives

IN THIS TOPIC / An exemption is applied before the tax rate

Scheme	Exempt amount on normal chargeable income
Partial Tax Exemption (PTE)	• First 10,000: 75% exempt. • Next 190,000: 50% exempt. • Maximum exemption: 102,500.
Start-Up Tax Exemption (SUTE)	• First 100,000: 75% exempt. • Next 100,000: 50% exempt. • Maximum exemption: 125,000.

SUTE is available for the first three consecutive YAs of a qualifying company, not the first three profitable years. Broad conditions include Singapore incorporation and residence, no more than 20 shareholders, and either all individual shareholders or at least one individual directly holding at least 10% of ordinary shares. Investment holding and property-development companies are excluded. A wholly corporate-owned subsidiary does not satisfy the individual-owner limb merely because its ultimate owners are individuals.

7.4 The corporate computation waterfall

IN THIS TOPIC / Reconcile accounting profit to taxable income

Follow each subtotal in order. Income deductions precede the tax rate; credits and rebates follow the tax calculation.

Teaching computation	S\$
Accounting profit before tax	260,000
Less Singapore one-tier dividend	(12,000)
Less separately assessed taxable interest	(8,000)
Add depreciation	24,000
Add prohibited passenger-car costs	6,000
Add accounting donation	4,000
Less additional qualifying enhanced deduction	(18,000)
Adjusted trade profit	256,000
Less current CA	(30,000)
Net trade income	226,000

7.4 From trade income to final tax

Teaching computation	S\$
Net trade income brought forward	226,000
Add net taxable interest, assumed no related expenses	8,000
Aggregate income before relief	234,000
Less eligible brought-forward trade loss	(20,000)
Less qualifying donation deduction: $4,000 \times 250\%$	(10,000)
CI before exempt amount	204,000
PTE: $7,500 + 95,000$	(102,500)
CI after PTE	101,500
Tax at 17%, before any FTC/rebate¹	17,255

Assume eligibility and loss tests are met. The donation qualifies by institution and purpose; not every charity payment qualifies. Add back the expensed 4,000 before claiming the full 10,000 deduction. The 250% deduction applies to eligible donations made through 31 Dec 2029 under the extended period (S93).

Prepare separate FTC/exemption workings. Exempt-income costs cannot reduce taxable trade profit. Separate incentive and normal-rate sources and make required rate adjustments.

Show required nil adjustments: “deductible revenue repair” explains treatment; a blank does not.

¹ Foreign Tax Credit: relief against Singapore tax on the same foreign income, including treaty or unilateral routes; do not claim the same tax twice.

Sources: [PP], [ER: June 2026], S16, S27-S29.

Builds on 5.1: start from adjusted profit. Leads to 8.4: complete foreign tax credits.