

# How can we lower our tax bills? - A guide on tax filing, tax reliefs and rebates

**CPF Board** 00:07

Hey and welcome to Let's Talk CPF, a podcast where we bring conversations on CPF to your ears, brought to you by the CPF board. This podcast will answer common questions, offer tips, and feature interviews with industry experts on CPF and financial planning. Thanks for listening, and let's get straight into today's episode.

**Phyllis** 00:33

It's the month of February right now. And that means that tax season is upon us. What are tax reliefs? What are some qualifying tax reliefs you can get? In today's episode of Let's Talk CPF, we will cover just that. I'm Phyllis from CPF Board. And what better way to learn more about filing our personal taxes than from an expert from the Inland Revenue Authority of Singapore, or more commonly known as IRAS. But before we talk to the expert, I thought it would be a good idea to bring on another colleague on the show, and we can share firsthand experience on how we navigate our taxes. Hi, Ning Xin.

**Ning Xin** 01:12

Hi Phyllis, I don't usually pay attention to filing dates, I usually just pay what I'm told to.

**Phyllis** 01:18

Same. I will click into my messages on my Singpass and pay what I'm told to.

**Ning Xin** 01:23

Wah, we sound quite terrible hor? But to be fair, I've only been more aware these past couple of years because I was eligible for some tax reliefs with the birth of my two kids.

**Phyllis** 01:34

Oh, what are the tax reliefs? I don't think I qualify for many tax reliefs because my parents are still working and earning an annual income of more than \$4,000 and I don't have responsibilities like raising kids.

**Ning Xin** 01:47

Yeah, raising children can be quite expensive. So, I'm actually quite grateful for these reliefs. I get the Qualifying Child Relief for each of my two children, the NSman Wife Relief, Working Mother's Child Relief and the Parenthood Tax Rebate, which is kind of like store credits with IRAS.

**Phyllis** 02:07

Wow, that sounds like a lot. How much savings is that?

**Ning Xin** 02:11

Well, the Qualifying Child Relief or QCR is split 50/50 between my husband and I, and we get \$4,000 of relief per child. But it doesn't have to be a 50/50 split, you can choose other apportionment percentages, as long as both of you can agree. I also have an NSman Wife Relief of \$750. There's also the Working Mother's Child Relief which will minus off 15% of my taxable income for my first child, and 20% off my second child. There's also the parenthood tax rebates or the so-called store credits, which comes up to about \$5000 for my first one, and \$10,000 for my second child. We all know the government wants us to have more children. So that's why there's so much support for parents. But then I don't encourage you to have kids just to reduce your payable taxes.

**Phyllis 03:01**

Yes, definitely not in my immediate plans. For myself, since I'm not eligible for such grants, what I do is to top up my CPF accounts. Last year, I topped up mine and my parents' CPF accounts, and this reduced my taxable income by quite a bit.

**Ning Xin 03:17**

Yeah, the number one thing you can do to reduce taxes as a young single worker in Singapore with no need to support your parents or children is probably to top up your CPF accounts.

**Phyllis 03:28**

Yup, aside from the reduction in payable taxes, another reason is that it's important to start building up our retirement savings early. And one way to do this is through voluntarily contributing to our CPF accounts as early as possible. This is on top of the mandatory employers and employees contribution every month.

**Ning Xin 03:47**

Oh, so when did you start your voluntary contributions? And what spurred you to do so?

**Phyllis 03:53**

Actually, how I got myself started with voluntary contribution, was because last year, I actually bought a BTO with my fiance, and that made us start thinking about settling down and eventually retirement. I mean, I know it's a stretch, right? I'm 25 and already thinking of retiring, but who doesn't want to retire early. At the start, I was very stressed about it, like on top of the 20% contribution, I still have to top up extra.

**Ning Xin 04:17**

Actually, nobody says that you have to contribute that much to your CPF. You can start small first, then slowly increase your contribution when you are able to.

**Phyllis 04:26**

Yeah, true. I think this is less stressful for us also, especially as employees that are new to the workforce.

**Ning Xin 04:32**

Yeah, you'll be surprised that a small amount will grow to quite a bit in the long run with the power of compounding. Just imagine, if you top up \$50 a month to your retirement account, with a current interest rate of up to 5 to 6% per annum. This \$50 will grow to more than \$7,000 in 10 years, and more than \$12,000 in 15 years!

**Phyllis 04:54**

Yup, so with this small step that I'm taking, I hope I'm closer to soaking in the sun in New Zealand for as long as I want in 30 years' time.

**Ning Xin 05:03**

Beyond CPF top ups and parenthood reliefs, there are quite a bit of other reliefs that IRAS has. But I'm not the expert on this, even though I did quite a lot of research on my own personal tax situation.

**Phyllis 05:15**

Don't worry. After the break, we have Yi Jing from IRAS to tell us all about tax savings. Yi Jing is from the Individual Income Tax Division, and she helps to ensure that over 2 million taxpayers in Singapore can pay their income tax smoothly. If you send in a question on filing, claiming of expenses, and personal reliefs and rebates, she's the expert in answering you. And I'm very excited to have her here with us.

**Yi Jing 05:50**

Hi, I'm Yi Jing and I'm glad to be here to share about some tips for the upcoming tax season.

**Phyllis 05:55**

Hi Yi Jing, we know that taxes help build our nation and without taxes, we wouldn't have things we take for granted, for example, schools, buses and roads. And that's why we should pay our taxes promptly. I think the first question I have for you here as a first year employed person, is what do I need to do? And what do I need to know during tax season?

**Yi Jing 06:15**

How it works is that for the year of assessment, in short, YA 2024, which is this year, you will be taxed based on your income earned last year in 2023. Filing for each YA starts on 1<sup>st</sup> March and you must file your income tax return by 18 April. Generally, there are two groups of taxpayers - those who are required to file a return and those who are on the No-Filing Service, NFS. You must file a return if you receive any letter, form or SMS informing you to do so, regardless of how much you earned last year. So Phyllis, have you received any SMS informing you that you are under the NFS?

**Phyllis 06:53**

Yes, I received a text.

**Yi Jing 06:54**

That means you are under the NFS, your income will be prefiled because your employer is under the Auto Inclusion Scheme, AIS. If there are no further changes to be made, there is no further action required from you. Some taxpayers on the NFS will receive their tax bills directly through the Direct

Notice of Assessment (D-NOA) initiative. But, remember to check your tax bill within 30 days of getting it. You can file an objection online at myTax Portal if there are any changes.

**Phyllis 07:22**

And all this can be done at myTaxPortal? All I remember is receiving an SMS to pay my tax online.

**Yi Jing 07:28**

Yes, all this can be done at myTax Portal. The IRAS website also has filing and relief checkers for you to find out if you need to file and what are the tax reliefs you may be qualified for. Just note that the total amount of all personal income tax reliefs you can claim is capped at \$80,000 for each YA.

**Phyllis 07:46**

Okay, does this mean I have to manually fill in my tax relief claims every year?

**Yi Jing 07:52**

Since you are filing for the first time, you are required to manually fill in your tax reliefs. To make it simpler for you, past years tax reliefs will be automatically included in your tax return for subsequent years. However, you will still need to double check and remove any claims that you do not qualify for anymore. Adjust the tax relief amount too, if it's not accurate. Plus, you might be eligible to claim for new relief this time round.

**Phyllis 08:16**

Other than NFS. You mentioned the Auto Inclusion Scheme. Can you explain what this is?

**Yi Jing 08:22**

AIS is compulsory for employers with five or more employees. Employers on AIS must submit their employees income information to IRAS between January and March. IRAS will then prefill the income submitted by the employer. So if your employer is on AIS, you will enjoy the convenience of prefilled tax returns and you do not need to declare the same income in your income tax return.

**Phyllis 08:47**

Let me summarise what we have discussed so far. Firstly, filing starts on 1st March and ends on 18 April. Secondly, there are two groups of taxpayers. If you're on NFS, IRAS will tell you over SMS and you just need to verify and pay your taxes. The second group not under NFS, you will need to file a return. And lastly, you can do all of these online. So Yi Jing, since you are from the Individual Income Tax Division, can you share tips on how we can lower our tax bill?

**Yi Jing 09:21**

There are some ways to reduce your taxable income. Firstly, you can make donations to approved charities and enjoy tax deductions of 2.5 times of the donation amount. Secondly, you can claim tax reliefs, such as in Ning Xin's case where she had at least \$10,000 worth of reliefs deducted from her annual taxable income. Lastly, you can top up CPF. If you had topped up last year, you can claim the relief this YA. If you have not done so, you can still top up this year and get the relief next year. For

topping up of CPF, the maximum CPF Cash Top-up Relief per YA is \$16,000 (maximum \$8,000 for self and maximum \$8,000 for family members).

**Phyllis 10:06**

To add on to what Yi Jing has shared, if you're making cash top-ups to your spouse or sibling's CPF, their annual income in the previous year from the top up must be \$8,000 and below, in order for you to be eligible for the tax relief. Or, you can also check if your parents are eligible for the Matched Retirement Savings Scheme, or the MRSS, where for every dollar you top up in cash to the Retirement Account of eligible members, the Government will match dollar for dollar, up to \$600 per year. So to summarise so far, firstly, you can donate, top up CPF or check for the relevant tax reliefs to reduce your taxable income. Secondly, if you don't have people to support like parents, children, spouse, topping up of CPF is the best way to reduce your taxable income. But please do your research for the exact details of the schemes on the CPF and IRAS website.

**Yi Jing 11:02**

We have covered quite a bit on employed taxpayers, but there is also a huge number of self-employed taxpayers.

**Phyllis 11:08**

What are your top tips for self-employed taxpayers?

**Yi Jing 11:12**

Firstly, self-employed taxpayers can claim allowable business expenses such as deduction against their income to reduce their tax payable. Allowable business expenses include rental and upkeep of business premises, advertising costs, utilities, telephone charges for business use and renewal of professional memberships. Secondly, self-employed taxpayers should know that expenses there are personal and private in nature, such as their own salary and medical expenses, are not deductible. Thirdly, self-employed taxpayers may encounter the term "FEDR" also known as Fixed Expense Deduction Ratio. To simplify tax filing, those who qualify for FEDR can claim their business expenses based on the prescribed percentage of their gross income earned.

**Phyllis 12:01**

So, filing for these taxpayers is now a lot easier since they don't need to manually calculate their tax deductible expenses for the entire year. You know how there's a saying that the only certain things in life are death and taxes? At least IRAS is able to make tax filing easier for us. Any last words for our listeners?

**Yi Jing 12:22**

A gentle reminder – start filing online from 1st March and avoid last minute filing. We must receive your returns by 18 April.

**Phyllis 12:32**

Thank you, Yi Jing, for walking us through tax season admin. Remember to check your myTax Portal on 1st March to file your taxes. You've been listening to Let's Talk CPF.

**CPF Board 12:46**

Before you go, we will love to hear from you. Email us with your questions or comments at [podcast@cpf.gov.sg](mailto:podcast@cpf.gov.sg) so we can create better content for you. You can also leave us a review on the platform you're listening from to help others learn about our podcasts. For the latest news, visit [cpf.gov.sg/podcasts](http://cpf.gov.sg/podcasts) or follow our social media pages. Thank you once again until the next time, let's talk CPF.