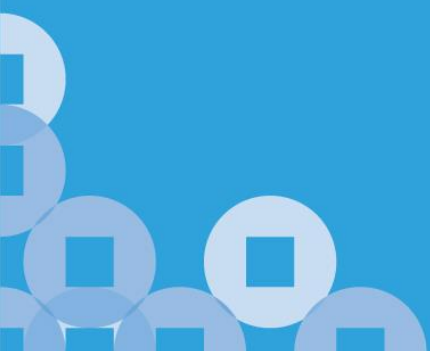




INLAND REVENUE  
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# IRAS e-Tax Guide

Corporate Income Tax –  
Objection and Appeal Process  
(Third Edition)



# Corporate Income Tax – Objection and Appeal Process

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## 1 Aim

- 1.1 This e-Tax Guide sets out the administrative aspects of to the Objection and Appeal Process and provides guidance to taxpayers<sup>1</sup> on filing a valid objection.
- 1.2 The scope of the Objection and Appeal Process covers all assessments raised by the Comptroller of Income Tax (CIT), except for assessments raised based on Estimated Chargeable Income (ECI) submitted by the taxpayer.

## 2 At a Glance

- 2.1 A Notice of Objection must be filed within 2 months from the date of service of the Notice of Assessment (NOA). Taxpayers are strongly encouraged to file the Notice of Objection via the “Revise/ Object to Assessment” digital service in *myTax Portal*. Alternatively, taxpayers may also submit an Objection Form when filing an objection via *myTax Mail* through *myTax Portal* (recommended) or by post. A softcopy of the Objection Form is available at IRAS’ website. If a taxpayer prefers to file the Notice of Objection via a letter or an email, the CIT is prepared to accept it provided precise grounds of objection are stated.
- 2.2 An acknowledgement of the receipt and validity<sup>2</sup> of a Notice of Objection will be issued by the CIT for objections filed via the following modes:
  - (i) Via e-Objection (*myTax Portal*) – instant acknowledgement
  - (ii) Via Objection Form – 14 days from the date of receipt of the Objection Form
  - (iii) Via letter – no acknowledgement
- 2.3 CIT will review and convey his decision in writing within 6 months from the date of receipt of taxpayer’s last correspondence with complete information and supporting schedules. For complex cases which the CIT needs a longer period for review, CIT will inform the taxpayer of the estimated time required to review the case.
- 2.4 Taxpayer is required to inform the CIT in writing whether it agrees with the CIT’s decision on the item under objection within 3 months from the date of CIT’s letter. If the taxpayer fails to reply by the deadline, the objection will be considered as resolved and closed.

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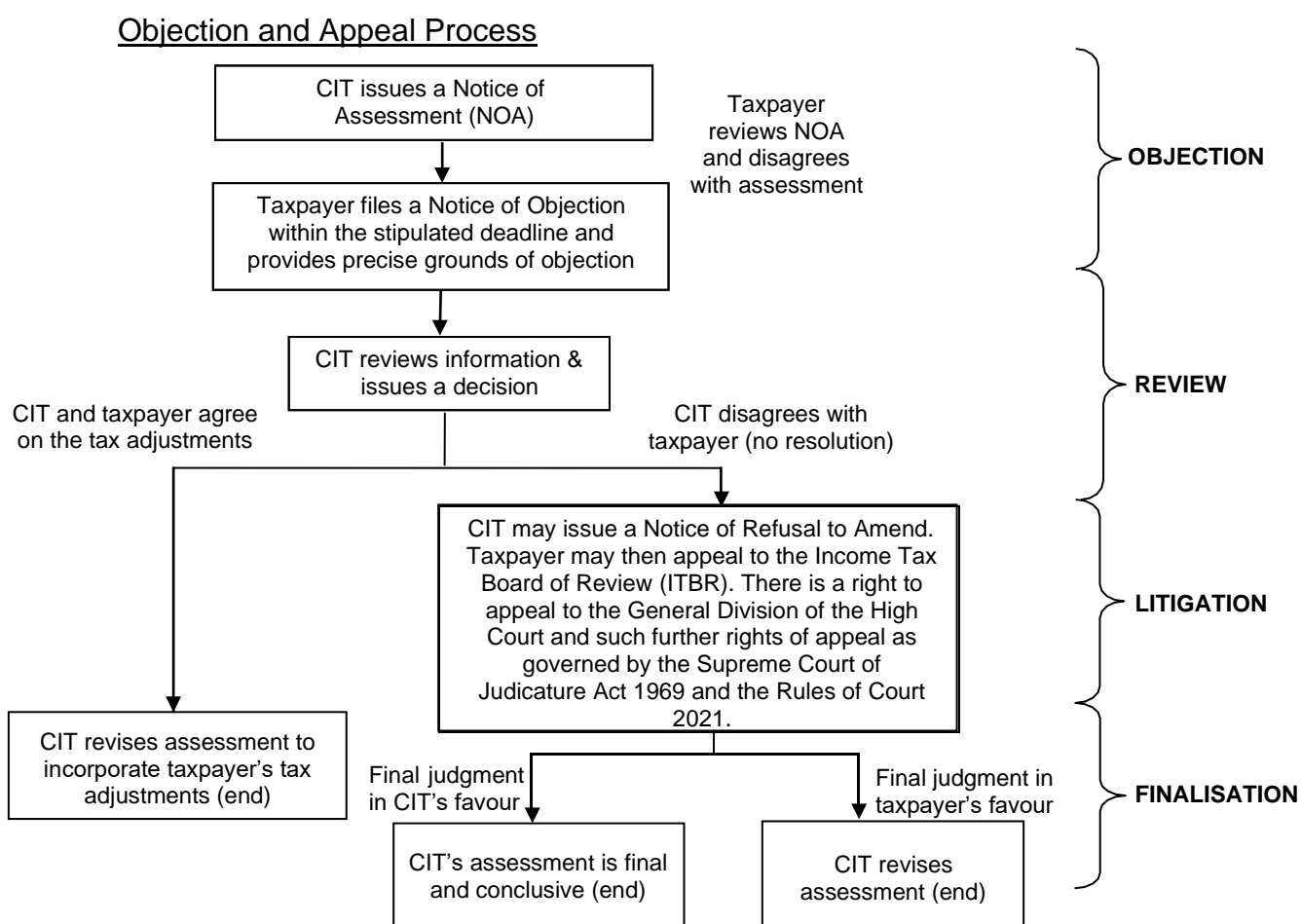
<sup>1</sup> In this e-Tax Guide, taxpayers refer to companies, registered business trusts, real estate investment trusts (REITs), and permanent establishments in Singapore including Singapore branches of foreign companies. With effect from 22 March 2023, the term taxpayers also refer to sub-trusts, exchange-traded funds, private trusts (excluding trusts created under the wills of deceased persons and intestate estates).

<sup>2</sup> This is based on the taxpayer’s declaration in the checklist attached to the Objection Form or the declaration in digital services (*myTax Portal*).

- 2.5 A Notice of Refusal to Amend<sup>3</sup> may be issued when:
- (i) Information requested by CIT remains outstanding after 2 years from the date of receipt of the Notice of Objection;
  - (ii) Taxpayer does not reply to CIT’s decision on the item under objection within 3 months from the date of CIT’s letter; or
  - (iii) Taxpayer’s agreement to CIT’s decision is qualified<sup>4</sup>.

### 3 Overview of the Objection and Appeal Process

- 3.1 The CIT is empowered under the Income Tax Act 1947 (ITA) to raise assessments based on the information furnished by taxpayers or in the absence of information, to the best of his judgment. Thus, it is inevitable that the taxpayer may not agree with the CIT’s adjustments.
- 3.2 If a taxpayer does not agree with an assessment raised by the CIT, a Notice of Objection must be filed with the CIT pursuant to Section 76(2) of the ITA.
- 3.3 The Objection and Appeal Process comprises four stages (Objection, Review, Litigation and Finalisation) as depicted in the flow chart below.



<sup>3</sup> Refer to paragraphs 5.2.1(ii) and 5.4.2

<sup>4</sup> Refer to paragraph 5.4.2(ii)

## 4 **Objection Stage**

### 4.1 The CIT Issues a Notice of Assessment (NOA)

4.1.1 The CIT will ascertain the amount of chargeable income based on the taxpayer's Income Tax Return, audited/ certified accounts, supporting schedules and information furnished. Thereafter, a NOA will be issued to the taxpayer. This may be accompanied by a letter or a tax computation from the CIT to explain the tax adjustments made.

### 4.2 Right to Object to an Amended Assessment

4.2.1 Pursuant to Section 76(2A) of the ITA, a taxpayer's right to object to an amended assessment is limited to the amendment or any matter relating to the amendment. In other words, for items which have been finalised in previous assessment(s) to which no valid objection was filed, they cannot be re-visited.

4.2.2 *Example* - An additional assessment was raised on a taxpayer to disallow the tax deduction on exchange loss (reflected in the Notice of Additional Assessment dated 31/3/2021). At the same time, the CIT issued a query letter requesting details on retrenchment expenses. The taxpayer did not file an objection against the Notice of Additional Assessment dated 31/3/2021. Upon review of the taxpayer's reply, the CIT subsequently revised the assessment to disallow the tax deduction on retrenchment expenses (reflected in the Notice of Additional Assessment dated 30/09/2022). The taxpayer now wants to file an objection against the disallowance of tax deductions on both the exchange loss and retrenchment expenses.

4.2.3 As the taxpayer did not object to the disallowance of exchange loss previously, this item is treated as finalised. The taxpayer is not allowed to file an objection against this tax adjustment. However, the taxpayer will be able to file an objection against the disallowance of the retrenchment expenses by 30/11/2022 since this is a new tax adjustment introduced by the CIT in the Notice of Additional Assessment dated 30/09/2022.

### 4.3 Deadline to File a Notice of Objection

4.3.1 Pursuant to Section 76(3) of the ITA, if a taxpayer does not agree with the assessment, a Notice of Objection in writing must be filed within 2 months from the date of service of NOA<sup>5</sup>. The Notice of Objection must contain precise grounds of objection<sup>6</sup>. Otherwise, it will be regarded as invalid.

4.3.2 *Example* - a NOA is issued to the taxpayer on 6/6/2022. The taxpayer has up to 6/8/2022 to file a Notice of Objection to the CIT.

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<sup>5</sup> Generally, the NOA is post-dated 7 days. The date of service of NOA is the date shown on the NOA even though it may be received earlier than the date stated on the NOA.

<sup>6</sup> Refer to paragraph 4.5

4.3.3 If a taxpayer requires more time to provide the details for the basis of an objection, the CIT is prepared to consider extending the 2-month objection period on a case-by-case basis. A written request must be forwarded to the CIT within 2 months from the date of service of NOA.

#### 4.4 Filing the Objection

4.4.1 Electronic Objection - Taxpayers are strongly encouraged to submit the Notice of Objection via the “Revise/ Object to Assessment” digital service in *myTax Portal*.

4.4.2 Objection Form - Alternatively, taxpayers may submit the Objection Form to file a Notice of Objection via *myTax Mail* through *myTax Portal* (recommended) or by post. The Objection Form includes a checklist to ascertain if the objection to be filed is valid or otherwise. A softcopy of the Objection Form is available at IRAS’ website.

4.4.3 If a taxpayer prefers to file the Notice of Objection via a letter or an email, the CIT is prepared to accept it provided precise grounds of objection are stated.

#### 4.5 Guidelines on Precise Grounds of Objection

4.5.1 A Notice of Objection must state precisely the grounds of objection to be valid. As a guide, it must contain the following details:

- a. Year of Assessment (YA);
- b. Description of the item(s) under objection<sup>7</sup>;
- c. Amount of income/ deduction for each item under objection; and
- d. Reason explaining why the deduction/ allowance/ relief ought to be allowed/ or the income should not be subject to tax.

To expedite the review process and bring about early finalisation of the assessments, taxpayers are strongly encouraged to submit the following together with their Notice of Objection:

- e. Proposed tax adjustments, preferably with a revised income tax computation;
- f. Supporting information/ documents such as those listed in **Annex A**.

4.5.2 The CIT will regard a Notice of Objection to be without precise grounds if the details as stated in paragraph 4.5.1(a) to (d) are not provided. Examples of invalid objections are as follows:

- a. *Please record our objection to the Notice of Additional Assessment for the YA 2021 dated 6/6/2022 on the basis that it is excessive.*

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<sup>7</sup> To use description stated in the audited accounts/ tax computation/ Income Tax Return, where possible.

In the above example, the CIT is unable to ascertain the specific aspect of the assessment that is in dispute.

- b. Please record our objection to the Notice of Additional Assessment for the YA 2021 dated 6/6/2022 on the basis that the legal fee of \$2,000 has not been allowed.*

In the above example, the taxpayer did not provide reasons to support the deductibility of the legal fee.

- c. Please record our objection to the Notice of Additional Assessment for YA 2021 dated 6/6/2022 on the basis that the gain on sale of property is capital in nature.*

In the above example, the taxpayer did not provide details to substantiate that the gain on sale of property is capital in nature. In order for the CIT to determine whether the gain is taxable or otherwise, the taxpayer has to provide the reasons for treating the gain as capital in nature and submit information listed in Annex A.

#### 4.5.3 Examples of valid objections are as follows:

- a. Please record our objection to the Notice of Additional Assessment for the YA 2021 dated 6/6/2022 on the basis that the legal fee of \$2,000 has not been allowed. The legal fee was paid for drafting a sales contract and therefore incurred in the production of trading income.*
- b. Please record our objection to the Notice of Additional Assessment for the YA 2021 dated 6/6/2022 on the basis that the exchange loss of \$2,000 has not been allowed. The exchange loss arose from the company's trade transactions (settlement of payment due to trade creditors) and is revenue in nature.*

In the above examples, the taxpayer has provided precise grounds of objection based on the guidelines listed in paragraph 4.5.1.

#### 4.5.4 The CIT is prepared to accept a taxpayer's objection to an assessment on the grounds that the "assessment is excessive" only in two situations; specifically, when the CIT's assessments were raised based on estimates due to non-submission of either the ECI or Income Tax Return. To enable the CIT to establish whether the assessment raised previously was excessive due to:

- (i) Non-submission of ECI - the taxpayer must submit its revised ECI together with the Notice of Objection; or
- (ii) Non-submission of Income Tax Return - the taxpayer must submit its Income Tax Return and audited/ certified accounts together with the Notice of Objection.



4.5.5 Where an industry-wide issue (e.g. a tax issue surfaced during IRAS' dialogues with industry associations such as the Association of Banks in Singapore (ABS), the Institute of Singapore Chartered Accountants (ISCA), and the Real Estate Developers' Association of Singapore (REDAS)) is under review by the CIT or the Ministry of Finance, a taxpayer need only refer to that specific issue in its grounds of objection. In such an instance, the CIT will consider that precise grounds of objection have been provided.

#### 4.6 Acknowledgement of a Notice of Objection

4.6.1 If a Notice of Objection is filed via the "Revise/ Object to Assessment" digital service in *myTax Portal*, the taxpayer will receive an instant acknowledgement. On the other hand, if the taxpayer files a Notice of Objection via the Objection Form, an acknowledgement letter will be issued within 14 days from the date of receipt of the said Objection Form. No acknowledgement will be issued for a Notice of Objection filed via a letter. This is to encourage taxpayers to use digital services or the Objection Form.

4.6.2 If the Notice of Objection is invalid, the CIT will inform the taxpayer and the taxpayer may file another objection provided the 2-month filing deadline has not lapsed.

4.6.3 If the filing deadline has lapsed, the assessment will be regarded as final and conclusive. The CIT may, however, extend the deadline for the taxpayer to re-file the Notice of Objection. This is only if he is satisfied that the taxpayer was prevented from making the application within the 2-month period, owing to specific circumstances such as key employees' absence, sickness or other reasonable cause.

### 5 **Review Stage**

5.1 When a valid Notice of Objection is filed, the CIT will review the information submitted and may raise further queries. The CIT generally expects a reply from the taxpayer within 2 months from the date of the CIT's letter. Reminders will be sent to the taxpayer if the CIT does not receive a reply after the deadline. In some instances, the CIT may arrange to meet the taxpayer on a need-to basis to expedite tax issue resolution.

#### 5.2 Milestones for Review and Reply

5.2.1 In addition, to ensure timely closure of objections, the following milestones have been set:

- (i) The CIT will review a taxpayer's objection and convey his decision in writing within 6 months from the date of receipt of the taxpayer's last correspondence with complete information and supporting schedules. For complex cases which may require legal and/or policy research, the CIT will inform the taxpayer on the status of his review and the estimated date of completion.

- (ii) The CIT will not be able to review an issue under objection if the taxpayer does not furnish the necessary information/ reply to the CIT's queries. As such, if the requisite information remains outstanding after 2 years from the date of receipt of the Notice of Objection, the CIT may issue a Notice of Refusal to Amend. A final reminder will be sent to the taxpayer to highlight the consequences of not furnishing a reply to the CIT's queries before the issuance of the Notice of Refusal to Amend.

### 5.3 Taxpayer's Objection is Accepted by the CIT

- 5.3.1 The CIT will convey his decision in writing to the taxpayer and amend the assessment to incorporate the taxpayer's tax adjustments. The amended assessment will be regarded as final and conclusive.

### 5.4 Taxpayer's Objection is Not Accepted by the CIT

- 5.4.1 The CIT will convey the grounds of his decision to the taxpayer in writing. In return, the taxpayer is expected to reply in writing within 3 months from the date of the CIT's letter whether it will accept the CIT's decision. If the taxpayer accepts the CIT's decision<sup>8</sup>, the assessment will be regarded as final and conclusive. Otherwise, the CIT may issue a Notice of Refusal to Amend as he is unable to reach an agreement with the taxpayer.

- 5.4.2 The Notice of Refusal to Amend may also be issued when:

- (i) the taxpayer fails to furnish a reply to the CIT's decision as mentioned in paragraph 5.4.1; or
- (ii) the taxpayer's agreement to the CIT's decision (refer to paragraph 5.4.1) is qualified e.g. the taxpayer states that it reserves the right to reopen its case in the event of a favourable decision/ ruling by the ITBR/ the courts on an ongoing case.

## 6 **Litigation Stage**

- 6.1 After the Notice of Refusal to Amend is issued, a taxpayer has the option to:
  - (i) Accept the CIT's decision on the item under objection. If so, the assessment will be regarded as final and conclusive; or
  - (ii) File a Notice of Appeal to the ITBR within 30 days from the date of the Notice of Refusal to Amend as stipulated in Section 79(1) of the ITA.

- 6.2 The ITBR's decision is final where no question of law<sup>9</sup> is involved. A taxpayer or the CIT may appeal to the General Division of the High Court against the ITBR's decision only if the issue involves a question of law or a question of mixed law and fact and the disputed tax exceeds \$200<sup>10</sup>. There is a further

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<sup>8</sup> The taxpayer may accept the CIT's tax adjustment without prejudice to future Years of Assessment.

<sup>9</sup> This means an interpretation of the law.

<sup>10</sup> Section 81(2) of the ITA

right of appeal from decisions of the General Division of the High Court<sup>11</sup>. This is generally to the Appellate Division of the High Court, although if certain conditions are met, the appeal might be heard by the Court of Appeal.

## **7 Finalisation Stage**

7.1 Pursuant to Section 84 of the ITA, an assessment shall be final and conclusive in the following scenarios:

- (i) The assessment has been made and agreed by the taxpayer;
- (ii) No valid Notice of Objection has been filed within the statutory time limit or such extension of time allowed;
- (iii) No Notice of Appeal has been filed with the ITBR within the statutory time limit; or
- (iv) An assessment has been determined on appeal (i.e. the ITBR has issued a decision and any further right of appeal to higher courts has been exhausted).

## **8 Effective Date**

The Objection and Appeal process as elaborated in this guide is applicable with effect from 1 January 2014.

## **9 Frequently Asked Questions**

- (i) Can a taxpayer object to a particular tax treatment by the CIT if it had accepted the same tax treatment in the past YA?

The taxpayer is allowed to object to a particular tax treatment by CIT even if it had accepted the same tax treatment in the past YA. The acceptance of the CIT's tax treatment is on a per YA basis.

- (ii) Can a Notice of Objection be filed via a letter instead of the prescribed Objection Form or e-Objection?

Yes, CIT will accept a Notice of Objection filed via a letter. However, the taxpayer will not receive an acknowledgement on the validity or receipt of its objection. Please refer to paragraph 4.4.3 and 4.6.1 for more details.

## **10 Contact Information**

If you have any enquiries or need clarification on this e-Tax Guide, please call 1800-356 8622.

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<sup>11</sup> Section 81(5) of the ITA

## 11 Updates and Amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	04 Apr 2019	<ul style="list-style-type: none"> <li>• Inserted footnote 6 to document the previous deadline to file a Notice of Objection</li> <li>• Added 2 new common objection scenarios in Annex A</li> <li>• Made editorial changes to paragraphs 2.1, 4.3.1, 4.3.2 and 8</li> </ul>
2	22 Mar 2023 <i>(Revised on 18 Apr 2023)</i>	<ul style="list-style-type: none"> <li>• Updated footnote 1 to expand the definition of taxpayers to include certain trusts with effect from 22 March 2023, removed footnote 6 on NOAs issued before 1 January 2014 and removed footnote 9 abbreviations.</li> <li>• Removed the table of information showing the administrative procedures prior to 1 January 2014 and inserted paragraphs 2.1 to 2.5 for the current administrative procedures</li> <li>• Amended the description of the litigation process in line with the amendments to the Supreme Court of Judicature Act 1969 and the Rules of Court 2021</li> <li>• Updated the dates for the examples</li> <li>• Made editorial changes to paragraphs 3.3, 4.3.1, 4.3.3, 4.4.1, 4.4.2, 4.5.1, 4.5.5, 4.6.1, 5.2.1, 5.4.1, 5.4.2, 6.2, 7.1 and 9</li> <li>• Updated the renumbered provisions based on the Income Tax Act 1947</li> <li>• Removed the sample Form for Filing the Notice of Objection and sample acknowledgment letter in the Annex</li> </ul>

**Annex A - Common Objection Scenarios and Requisite Supporting Information/ Documents**

S No	Items under objection	Issue	Information to be submitted for review
1	Gain/ Loss on sale of property*/ sale of investment	Whether the gain is taxable or loss is deductible	<ul style="list-style-type: none"> <li>a address of the property/ name of the company for each block of shares disposed</li> <li>b date of purchase and purchase price</li> <li>c means of financing purchase</li> <li>d date of sale and sale price</li> <li>e reason(s) for the acquisition and sale and furnish supporting documents such as feasibility studies* and directors' resolution authorising the sale</li> <li>f name and address of the purchaser and state whether the purchaser is related to the company, its directors or shareholders. If so, please furnish details and state if the transactions were conducted on an arm's length basis and support your claim with a professional valuation*</li> <li>g the use of property since its acquisition and the duration of each use. If the property was left vacant at any point in time, please specify the period*</li> <li>h basis of arriving at the gain/ loss on sale of property/ investment</li> <li>i reason for treating the gain on sale as not taxable/ loss on sale as allowable</li> </ul>
2	Rental income	Whether the income should be taxed under Section 10(1)(a) subject to Section 10D or under Section 10(1)(f)	<ul style="list-style-type: none"> <li>a number of units/ properties owned and addresses of the units/ properties</li> <li>b details of services/ activities rendered by the company in connection to the units/ properties to derive rental income</li> <li>c responsibilities of each employee or agent who rendered the services described in point b</li> </ul>

**Annex A - Common Objection Scenarios and Requisite Supporting Information/ Documents (continued)**

S No	Items under objection	Issue	Information to be submitted for review
3	Legal expense/ Professional fee	Whether the expenses are deductible	<ul style="list-style-type: none"> <li>a breakdown of the expenses and detailed description of the services rendered</li> <li>b circumstances under which the above expenses were incurred</li> <li>c your basis of claiming that the expenses are revenue expenses incurred in the production of income</li> </ul>
4	Research & Development	Whether the expenses are deductible under Sections 14C/ 14D/ 37F	<ul style="list-style-type: none"> <li>a a description of the R&amp;D project giving details on:                             <ul style="list-style-type: none"> <li>- the benefits to be derived</li> <li>- a description of the end product and its use on completion of the R&amp;D</li> </ul> </li> <li>b date of commencement and the expected date of completion of the R&amp;D</li> <li>c whether the R&amp;D was undertaken by the company. Otherwise, state the name and address of the R&amp;D organisation</li> <li>d Breakdown of R&amp;D expenses i.e. nature of expenses and respective amounts Refer to e-Tax Guides “Research and Development Tax Measures” and “Productivity and Innovation Credit”</li> </ul>

**Annex A - Common Objection Scenarios and Requisite Supporting Information/ Documents (continued)**

S No	Items under objection	Issue	Information to be submitted for review
5	Interest Adjustment	If you disagree with CIT's calculation based on Total Asset Method	<ul style="list-style-type: none"> <li>a details of assets not financed by interest-bearing loan</li> <li>b method of financing the purchase of the assets mentioned in (a)</li> <li>c supporting documents such as bank statement or loan agreement</li> <li>d your proposed interest adjustment schedule and tax computation</li> </ul>
		If interest adjustment is not applicable	<ul style="list-style-type: none"> <li>a purpose of the loan</li> <li>b breakdown of usage of loan proceeds</li> <li>c supporting documents to substantiate the link between loan and income generating assets e.g. minutes of directors' meeting, loan agreement etc.</li> </ul>
6	Head Office Expenses	Whether the expenses have been appropriately attributed to the Singapore branch	<ul style="list-style-type: none"> <li>a basis on which the Head Office allocates expenses to the branches it services</li> <li>b confirm that no direct expenses relating to the operations of the Head Office and domestic branches' businesses are included in the allocation to branches</li> <li>c an analysis of the expenses claimed by the Singapore branch and confirm that there is no disallowable amount included. Otherwise, please provide details of the disallowable items</li> <li>d whether the services rendered to the Singapore branch is performed in Singapore. If so, state whether withholding tax has been complied with.</li> <li>e services performed by Head Office</li> </ul>

**Annex A - Common Objection Scenarios and Requisite Supporting Information/ Documents (continued)**

S No	Items under objection	Issue	Information to be submitted for review
7	Capital Allowance	Whether capital allowance can be allowed	<ul style="list-style-type: none"> <li>a description and cost of each asset</li> <li>b date of purchase</li> <li>c usage of asset in the course of business</li> <li>d basis of claim</li> </ul>
8	Renovation and refurbishment under Section 14N	Whether the expenses are deductible	<p>a confirm that:</p> <ul style="list-style-type: none"> <li>- the items acquired are covered in the e-Tax Guide “Tax Deduction for Expenses incurred on Renovation or Refurbishment Works done to Business Premises”.</li> <li>Otherwise, provide details of qualifying items</li> <li>- the expenses are not prohibited under Section 14N(9)</li> </ul>
9	Service fee derived in foreign country	Whether Double Tax Relief on service fee can be granted	<ul style="list-style-type: none"> <li>a full name and address of the person from whom the service fees were received</li> <li>b detailed description of the services rendered by the company</li> <li>c place(s) where the services were rendered and the duration of such services</li> <li>d details of the expenses incurred to produce the income and how the income and expenses were reflected in the company’s audited accounts</li> <li>e whether the income was derived through a permanent establishment (PE) in that country, your basis of claiming so, and how the PE was taxed in that country</li> <li>f gross amount, withholding tax rate and amount of tax withheld in foreign currency (please also state the corresponding S\$ amount)</li> <li>g date of withholding tax receipt/ voucher/ letter</li> <li>h state the relevant Article of the Double Taxation Agreement under which the tax was withheld</li> </ul>



**Annex A - Common Objection Scenarios and Requisite Supporting Information/ Documents (continued)**

S No	Items under objection	Issue	Information to be submitted for review
10	Standby letter of credit/Banker's guarantee fees to guarantee payment for the construction of fixed assets of the company	Whether the expenses are deductible	<ul style="list-style-type: none"> <li>a circumstances under which the expenses were incurred</li> <li>b computation showing the basis of arriving at the fees</li> <li>c copy of the banker's guarantee/ standby letter of credit agreement</li> <li>d whether the expenses were related to any loan taken by the Company. If so, state the date on which the loan was taken</li> <li>e basis of claiming the expenses are revenue in nature and tax deductible</li> </ul>
11	Facility fees	Whether the expenses are deductible	<ul style="list-style-type: none"> <li>a documentation to show the circumstances under which the fees were incurred</li> <li>b explain how the fees have been incurred as substitute for interest expense or to reduce interest costs</li> <li>c amount and usage of the loan(s) obtained from each bank</li> <li>d how were the loans obtained reflected in the balance sheet</li> <li>e basis of claiming the fees as prescribed borrowing cost according to the Income Tax (Deductible Borrowing Costs) Regulations 2008 and state under which item of the Schedule in the Regulation are the fees listed</li> <li>f forward a copy each of your client's loan agreements with each financial institution</li> </ul>