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## Singapore CA Qualification Examination

21 June 2018

### Taxation

#### INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is **3 hours 15 minutes**.
2. This examination paper has **FOUR (4)** questions and comprises **TWENTY TWO (22)** pages (including this instruction sheet and the tax rates appendix). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is an open book examination. During the examination, you are allowed to use your laptop and any calculators that comply with the SAC's regulations. Please note that mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination.
4. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.
5. This examination paper is the property of the Singapore Accountancy Commission.

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Goods and Services Tax

Standard rate	7%
Compulsory Registration threshold	\$1 million

### Stamp Duty

Category	% rates payable on the amount of value of consideration
a. Conveyance, assignment, or transfer of immovable non-residential properties	
- Up to the 1 <sup>st</sup> \$180,000	1%
- Up to the next \$180,000	2%
- Over \$360,000	3%
b. Conveyance, assignment, or transfer of stocks or shares	0.2% of the higher of the net asset value or the consideration
c. Mortgage of stocks, shares or immovable properties	0.2% or 0.4% up to maximum duty of \$500
d. Gift of immovable non-residential properties	Same as a.
e. Gift of stocks and shares	Same as b.
f. Lease of immovable properties	
- Annual rent and other consideration calculated is \$1,000 and below	Exempt
- Annual rent and other consideration calculated exceeds \$1,000	Lease period of 4 years or less: 0.4% of total rent for the period of the lease
	Lease period of more than 4 years (or for an indefinite term): 0.4% of 4 times the average annual rent for the period of the lease

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Corporate Income Tax Rate

Year of Assessment 2018 17%

<u>Partial Tax Exemption</u>	<b>\$</b>
First \$10,000 of chargeable income is 75% exempt	7,500
Next \$290,000 of chargeable income is 50% exempt	<u>145,000</u>
Total	<u>152,500</u>

### Start-up tax exemption

First \$100,000 of chargeable income is 100% exempt	100,000
Next \$200,000 of chargeable income is 50% exempt	<u>100,000</u>
Total	<u>200,000</u>

**Note:** There is a 40% corporate tax rebate capped at \$15,000 for YA 2018

### Withholding tax rates

Nature of income	% rates payable
Interest and other payments in connection with loan or indebtedness	15%
Royalty or other lump sum payments for the use of, or the right to use, movable properties	10%
Payment for the use of, or the right to use, scientific, technical, industrial, or commercial knowledge or information	10%
Technical assistance and service fees	17%
Management assistance fees	17%
Rent or other payments for the use of movable properties	15%
Director's remuneration	22%
Non-resident professional	15% of gross or 22% of net

### Non-residential property tax

Non-residential buildings and land are taxed at 10% of the annual value.

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Personal Income Tax Rates for the Year of Assessment 2018 (Resident)

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	2.0	200
First \$30,000	-	200
Next \$10,000	3.5	350
First \$40,000	-	550
Next \$40,000	7.0	2,800
First \$80,000	-	3,350
Next \$40,000	11.5	4,600
First \$120,000	-	7,950
Next \$40,000	15.0	6,000
First \$160,000	-	13,950
Next \$40,000	18.0	7,200
First \$200,000	-	21,150
Next \$40,000	19.0	7,600
First \$240,000	-	28,750
Next \$40,000	19.5	7,800
First \$280,000	-	36,550
Next \$40,000	20.0	8,000
First \$320,000	-	44,550
Above \$320,000	22.0	

**Note:** There is no tax rebate for resident individuals for YA 2018

### Personal Income Tax Rates for the Year of Assessment 2018 (Non-resident)

General Rate: 22%

#### Section 40B Relief for Non-resident Employees

Tax payable on the Singapore employment income of a non-resident individual is calculated at a flat rate of 15% or on a resident basis, whichever results in a higher tax amount.

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Central Provident Fund (CPF) – from 1 January 2017 to 31 December 2017

Contributions for individuals of ages 55 years or below and earning at least \$750 per month.

#### Rates of CPF contributions

Employee	20%
Employer	17%

Maximum monthly ordinary wages (OW) attracting CPF \$6,000

Maximum annual ordinary wages (OW) attracting CPF \$72,000

Maximum annual additional wages (AW) attracting CPF \$102,000 less  
OW subject to CPF

Mandatory medisave contributions of a self-employed person with annual s10(1)(a) assessable income of above \$18,000

Below 35 years of age	8%; \$5,760 (max)
35 to below 45 years of age	9%; \$6,480 (max)
45 to below 50 years of age	10%; \$7,200 (max)
50 years of age and above	10.5%; \$7,560 (max)

### Personal Income Tax Reliefs for the Year of Assessment 2018

(Total personal reliefs capped at \$80,000)

#### Earned income

Age	Normal (able-bodied) maximum	Handicapped maximum
Below 55 years	\$1,000	\$4,000
55 to 59 years	\$6,000	\$10,000
60 years and above	\$8,000	\$12,000

## Appendix A - Tax Rates and Allowances - Year of Assessment 2018

### Other reliefs

Spouse relief	\$2,000
Handicapped spouse relief	\$5,500
Qualifying child relief (per child) (QCR)	\$4,000
Handicapped child relief (per child) (HCR)	\$7,500
Handicapped sibling relief (per sibling)	\$5,500
Parent relief - Staying with dependant - Not staying with dependant	\$9,000 \$5,500
Handicapped parent relief - Staying with dependant - Not staying with dependant	\$14,000 \$10,000
Working mother's child relief (WMCR) • First child • Second child • Third and subsequent child • Maximum cumulative WMCR • Maximum relief per child (including QCR/HCR)	% of mother's earned income 15% 20% 25% 100% \$50,000
Grandparent caregiver relief	\$3,000
Life assurance relief	\$5,000 (max)
Voluntary CPF contribution of self-employed	Capped at \$37,740 or 37% of s10(1)(a) assessable income or actual amount contributed by the taxpayer, whichever is lower
Course fee relief	\$5,500 (max)
Foreign domestic worker levy relief	\$6,360 (max)
Supplementary Retirement Scheme • Singapore citizens and PRs • Foreign citizens	\$15,300 (max) \$35,700 (max)

### National Service Man (NSman) relief

	Normal appointment	Key appointment holder
Active NSman	\$3,000	\$5,000
Non-active NSman	\$1,500	\$3,500
Wife/widow/parent of NSman	\$750	\$750

## Question 1 – (a) and (b)

You are a Chartered Accountant (Singapore) specialising in tax compliance and consultancy work. One of your clients is Dr Jekyll Sin, a wealthy medical practitioner who runs a family clinic in Singapore. Recently, you had a meeting with Dr Sin to discuss matters concerning the filing of his annual personal income tax return. The following are extracts of what he said to you during the meeting:

**[Extract 1]** *“As you know, my medical practice did very well last financial year and I suspect my tax bill is going to be really high if we don’t do anything about it. So, I’m suggesting we do two things. Firstly, can you revise the clinic’s income statement to reduce the reported net profit by about 30%, which will result in roughly the same profit as in the previous financial year? Please also amend the figures in the accounting books and records to be consistent with the revised income statement. I’ll leave the adjustments to you since you’re the one with the professional expertise. ... You look worried. Relax! I’ll sign off on the revised income statement and, of course, on my tax return. That way, I’ll take full responsibility should anything crop up from IRAS. It’ll have nothing to do with you. I did this many years ago with another accountant and we got away with it. After four or five years, the time bar kicks in and IRAS won’t be able to do anything – not even to recover the unpaid tax – should they find out about what had happened.”*

**[Extract 2]** *“The other thing I’m going to do is to transfer ownership of my rental bungalow to my daughter, Hydie. As you know, Hydie is a married homemaker with no income of her own – she’s literally a walking tax shelter! Sooner or later, I’ll be transferring that bungalow to her anyway, so I must as well do it now and the family as a whole can enjoy some income tax savings on the rental income. Hydie will be the new owner after the transfer but the current arrangement where the tenant pays the rent into Stormie’s[\*] bank account will remain. So, as before, the rental income will pay for Stormie’s monthly maintenance. Hydie will be okay with that – she always agrees to whatever I want.”*

[\* Note: Stormie is Dr Sin’s mistress]

**Exemplify  
Question  
Number**

**1**

**Question 1 required:**

- (a)** Evaluate the validity of Dr Sin's assertions in Extract 1. In your answer, you should also consider the consequences of acceding to Dr Sin's request.

**(4 marks)**

**2**

- (b)** In relation to the arrangement envisaged by Dr Sin in Extract 2, explain what Dr Sin meant when he referred to Hydrie as a tax shelter and advise Dr Sin as to whether the arrangement would result in income tax savings as he has suggested. **(3 marks)**

**(Total: 7 marks)**



## Question 2 – (a) and (b)

Happy Hospitality Pte Ltd (HH) carries on business in Singapore and is registered for the Goods and Services Tax (GST). The company employs about fifty employees, all of whom are Singapore citizens or permanent residents. Thus far, HH has not provided any of its employees with medical/hospitalisation benefits but recently the company decided to do so. The benefits will be provided to all HH's employees but will not be extended to their family members. The benefits will also not involve the incurrance of any medical expenses for workmen's compensation under the *Work Injury Compensation Act* or under any collective agreement. HH is considering the following alternatives as to how the benefits may be provided:

- Alternative #1: HH will pay to each employee a sum of money based on a specified percentage of the employee's gross basic annual salary. The sum will be paid to the employee at the beginning of each calendar year. The employee may make disbursements out of such sum for any outpatient or inpatient medical/hospitalisation expenses incurred during the year. The employee will not be required to return to HH any unutilised balance as at the end of the year.
- Alternative #2: For outpatient medical treatment, HH will reimburse the expenses of each employee up to a specified annual cap. To receive the reimbursement, the employee will have to make a claim with HH and provide documentary evidence to substantiate that he/she had in fact incurred the expense. For inpatient hospitalisation, HH will purchase a group hospitalisation insurance policy from an insurer and pay the premium on the policy. All employees will be covered under the policy and the terms of coverage will meet the conditions for the insurance plan to qualify as a 'transferable medical insurance scheme'. To receive a payout under the policy, the employee will have to make a claim and provide the necessary supporting documentation.

Whichever alternative above is implemented, the terms of the benefits will be incorporated in the employees' contracts of employment with HH.

**Exemplify  
Question  
Number**

**3**

**Question 2 required:**

**(a)** For each alternative above, advise on the Singapore income tax implications for both Happy Hospitality Pte Ltd and its employees. **(6 marks)**

**4**

**(b)** Advise on the Goods and Services Tax (GST) implications to Happy Hospitality Pte Ltd (HH) (both its output tax liability and its input tax claim) of the arrangements in Alternative #2. Assume that all the businesses involved, i.e. HH, the medical practitioners and hospitals that provide medical treatment to HH's employees, and the insurer that provides the group hospitalisation coverage to HH, are GST-registered. **(4 marks)**  
**(Total: 10 marks)**

### **Question 3 – (a) to (f)**

Black Gold Drillers USA Incorporated (BGUS) is a transnational corporation headquartered in the United States (US). It is the ultimate holding company in the Black Gold Group, a group of companies located in various parts of the world. The Black Gold Group is engaged in various activities in the supply chain relating to oil exploration, drilling, and refining. Currently, the group's very limited presence in East Asia takes the form of BGUS's wholly owned subsidiary, BGTT, a company incorporated, resident, and carrying on business in Country TT. BGTT's business involves the rental of machinery and accessories for servicing and maintaining oil drilling equipment. Its clients are oil drilling companies with projects located in various parts of South East Asia.

The Black Gold Group has plans to expand its presence in East Asia. It recently secured an oil drilling contract with Noriega Fonseca Incorporated (NFI), an oil prospecting and trading company incorporated and resident in Panama. The contract involves an oil drilling project in the international waters of the South China Sea. To perform the contract, the Black Gold Group will incorporate BGHK in Hong Kong. BGHK will be a wholly owned subsidiary of BGUS. BGHK's Board of Directors will comprise individuals resident in various countries but who will meet annually in a hotel in Hong Kong for the company's Board meetings. Apart from a registered office in Hong Kong, BGHK will not have any other presence in that territory. The oil drilling contract with NFI will be signed in Panama by NFI's representative and, on behalf of BGHK, by BGHK's Managing Director. An oil rig will be assembled at the site of the oil well in the South China Sea. Ownership of the oil extracted from the oil well will vest with NFI.

Another new company, BGSB, will be set up to provide support services to BGHK in respect of the latter's oil drilling project in the South China Sea. BGSB will be incorporated in Singapore on 1 July 2018 as a wholly owned subsidiary of BGUS and it will be resident in Singapore. Under the service contract between BGSB and BGHK, the support services to be provided by BGSB to BGHK comprise the following:

- servicing and engineering work relating to BGHK's oil drilling equipment. The equipment will be shipped from the drilling site to Singapore for BSG's technicians and engineers to carry out the necessary work. The work to be performed will vary depending on the type of equipment involved and the defect or other engineering issue that needs to be rectified or resolved. On completion of the servicing and engineering work, the equipment will be returned to the drilling site.
- human resource management services relating to BGHK's rig workers. These services include recruiting the rig workers, managing their payrolls, and administering their other employment benefits, handling the logistics of their stay in Singapore during their rest days, and dealing with any grievances that they may have.

BSG's business, comprising the provision of the abovementioned support services to BGHK, will commence on 1 October 2018. The company's annual accounting year-end will be 30 September. The following are the recurring annual costs expected to be incurred to provide the support services:

	<b>Servicing and engineering S\$</b>	<b>Human resource management S\$</b>
Direct costs to perform the respective services, comprising:		
- depreciation of fixed assets used exclusively to perform the respective services	60,000	18,000
- rental of machinery for performing the servicing and engineering work <b>(Note 1)</b>	700,000	
- other direct costs (all revenue expenses)	1,200,000	180,000
Indirect costs allocated to the respective services based on apportionment methods that reflect the use of the resources, comprising:		

	<b>Servicing and engineering S\$</b>	<b>Human resource management S\$</b>
- depreciation of common fixed assets	100,000	12,000
- interest expense ( <b>Note 2</b> )	83,000	22,000
- other indirect costs (all revenue expenses)	80,000	11,000

With regard to the rental of machinery for performing the servicing and engineering work (**Note 1**), it has not been decided whether the machinery should be rented from the Country TT subsidiary (BGTT) or the US holding company (BGUS). In either case, the annual rental cost to BGSB will be S\$700,000, which is an arm's length pricing of the transaction.

The total annual interest expense of S\$105,000 (i.e. the sum of S\$83,000 and S\$22,000 in **Note 2**) refers to the interest payable at a rate of 3.5% per annum on a S\$3 million loan to be provided by BGUS on 1 July 2018. The interest rate of 3.5% is derived based on the Inland Revenue Authority of Singapore's (IRAS) transfer pricing guidelines for related party loans. Interest expense for the three-month period from 1 July 2018 to 30 September 2018 will be S\$26,250 (i.e. 3.5% x S\$3m x 3/12). The loan will be repayable by BGSB at the end of its three-year term.

The S\$3 million loan referred to above will be used by BGSB for the following purposes during the three-month period from 1 July 2018 to 30 September 2018:

- S\$2 million of the loan will be used to pay for a 25-year leasehold interest in an industrial property situated in Singapore. The cost of S\$2 million comprises S\$1.5 million for the land and just S\$500,000 for the building, which is in a dilapidated condition having not been in use for many years prior to BGSB's acquisition of the leasehold interest. Incidental acquisition costs such as legal fees, stamp duty, and Goods and Services Tax (GST) will be paid for separately and not out of the proceeds of the loan.

- The remaining S\$1 million of the loan will be used to pay for the following initial repairs to the building:
  - S\$650,000 to install a new roof to the building. The old roof had collapsed due to disrepair. Installing the new roof will require structural changes to be made to the building to support the weight of the new roof, which will be heavier and made of superior construction material to the old roof.
  - S\$350,000 for work to be done to that part of the building that will be used as an administrative office. The work will consist of removing the existing floor and wall tiles and re-laying with new tiles, installing a false ceiling, configuring workspace by installing fixed partitions, and changing the old sanitary fittings in the office toilet.

The building will be put to use for the purposes of BGSB's business on 1 October 2018. Ninety percent of the total floor area of the building will be occupied for the purposes of performing the servicing and engineering work on BGHK's oil drilling equipment, with the remaining 10% housing the administrative office. BGSB's intended use of the building will not meet the requirements under the Land Intensification Allowances scheme and there are therefore no plans to make any application under the scheme.

There is no comprehensive tax treaty between Singapore and Hong Kong, or between Singapore and the US. There is, however, a tax treaty between Singapore and Country TT. Assume that the prevailing income tax laws and practices effective in the Year of Assessment 2018 and the laws relating to GST and stamp duty effective in 2018 continue to apply to all relevant future years.

**Exemplify  
Question  
Number**

**Question 3 required:**

**5**

- (a)** In respect of the support services that BGSB will provide to BGHK, advise BGSB on whether it can avail itself to the Inland Revenue Authority of Singapore (IRAS) practice of taxing service companies based on an imputed 5% profit margin. If available, calculate the amount of BGSB's taxable income under that basis. **(5 marks)**

**6**

- (b)** Advise BGHK on its exposure to Singapore income tax in respect of the profits that it will derive from performing the contract with Noriega Fonseca Incorporated. **(3 marks)**

- (c)** With regard to the rental of the machinery referred to in Note 1 of the question:

**7**

- (i)** advise Black Gold Drillers USA Incorporated (BGUS) and BGSB on the Singapore income tax implications of the rental arrangement on the assumption that it is BGUS that BGSB contracts with for the rental of the machinery. **(6 marks)**

**8**

- (ii)** explain how the Singapore income tax exposure of the Black Gold Group may be mitigated if BGSB contracts with BGTT (instead of BGUS) for the rental of the machinery. Assume both BGUS and BGTT do not have any office or personnel or carry on any activities in Singapore other than the rental of equipment to BGSB. **(4 marks)**

**Exemplify  
Question  
Number**

**9**

**(d)** With regards to BGSB's acquisition of the leasehold interest in the industrial property and the initial repairs to the building:

**(i)** compute the stamp duty and Goods and Services Tax (GST) payable by BGSB on the acquisition of the leasehold interest, assuming that the person from whom the leasehold interest is acquired is registered for GST.

**(2 marks)**

**10**

**(ii)** advise BGSB on its claim of income tax deductions or capital allowances in respect of:

(A) the costs to acquire the leasehold interest in the industrial property, including the incidental acquisition costs but excluding GST.

(B) the initial repairs to the building.

(C) the interest payable on the loan from Black Gold Drillers USA Incorporated (BGUS).

For any item of expenditure not eligible for deduction or capital allowance, state why this is so. Assume that BGSB has undertaken transfer pricing analysis and will be charging BGHK arm's length service fees for all the support services.

**(10 marks)**

**11**

**(e)** Assuming that BGSB will be charging BGHK arm's length service fees for all the support services provided, advise BGSB on whether it will have a liability to register for Goods and Services Tax (GST). In your answer, you must indicate (with supporting reasons) the type of supply involved with regard to BGSB's provision of support services to BGHK. **(6 marks)**



**Exemplify  
Question  
Number**

**12**

**(f)** Assuming that BGSG is registered for Goods and Services Tax (GST) with effect from 1 October 2018, advise BGSG on:

**(i)** whether the GST payable on the acquisition of the leasehold interest may be claimed as an input tax credit.

**(3 marks)**

**13**

**(ii)** how obtaining Major Exporter Scheme (MES) status will be beneficial to BGSG.

**(3 marks)**

**(Total: 42 marks)**

#### **Question 4 – (a) and (b)**

Mdm Nancy Nguyen, a 40-year old widow, is a Vietnamese national. She is not a Singapore permanent resident but has been living in Singapore for many years. She was married to Mr Ronald Lim, a Singapore national, up until his death four years ago in a training accident while performing operationally ready national service. Mdm Nguyen has two children from her marriage with Mr Lim. Both children are Singapore nationals, live in the same household as Mdm Nguyen, and are financially maintained by her. The older child is in his early twenties and suffers from a disability which totally and permanently incapacitates him from maintaining himself. The younger child is just five years old. The children are cared for by a foreign domestic worker engaged by Mdm Nguyen at an annual cost of \$18,720 (inclusive of the annual government levy of \$720).

Mdm Nguyen is planning to start a new business in Singapore trading in diamonds and other precious metals. She will carry on the business for five years only as she wishes to retire and return to Vietnam by her mid-forties. For each of the five years during which the business is to be carried on, it is expected to generate an accounting profit of \$100,000 after charging the following items:

- Accountancy fees to maintain the financial accounts of the business - \$7,200.
- Donation of money to an approved institution of a public character - \$1,000.
- Life insurance premium - \$8,000.  
The policy is with an insurance company in Singapore and will pay out a sum assured of \$100,000 for the benefit of Mdm Nguyen's children in the event of her demise.
- Mdm Nguyen's personal country club annual subscription fee - \$5,000.  
All Mdm Nguyen's visits to the club every year will be to entertain business clients.

- Purchase of various items for use in the business - \$4,000.  
These items comprise tables, chairs, cabinets, and office pantry appliances. All these items will be discarded when the business is discontinued at the end of the five years.
- Rental of an apartment in Singapore - \$48,000.  
The apartment will be occupied by Mdm Nguyen and her two children. It is fully furnished and its annual value is \$42,000.
- Rental of a motor car for Mdm Nguyen's use in Singapore - \$24,000.  
The car is expected to be driven over a total distance of 10,800 km per year. Eighty percent (80%) of the distance will be attributable to Mdm Nguyen's personal use of the car, with the remaining 20% for business use. Mdm Nguyen will bear all petrol costs.
- Rental of office premises - \$36,000.
- Salary and related costs - \$128,745, relating to:
  - one administrative assistant to be employed in the business – salary of \$48,000, employer's statutory Central Provident Fund (CPF) contributions of \$8,245, and an allowance of \$500 to cover the administrative assistant's personal income tax.
  - Mdm Nguyen's salary of \$72,000 for working in the business.

The new business will commence on 1 January 20XX and annual accounts will be made to 31 December. However, Mdm Nguyen is undecided as to whether to carry on the business through a sole proprietorship or a private limited company. The one-time cost to register a sole proprietorship is expected to be \$500 while that for incorporating a company is expected to be \$3,000. Neither of these amounts has been taken into account in arriving at the accounting profit of \$100,000 above.

If the business is to be carried on through a company, Mrs Nguyen will be the sole beneficial shareholder of the company. At the end of each year during the five-year period which the business will be carried on, the distributable profits of the company, expected to be \$80,000 per year, will be paid out to Mdm Nguyen as a dividend. Mdm Nguyen will also serve as the managing director of the company and all decisions relating to the control and management of the company's business will be made in Singapore. Apart from her salary, the company will provide Mdm Nguyen with various other benefits as outlined above in the list of items charged to arrive at the accounting profit of \$100,000.

For each of the five years, Mdm Nguyen also expects to have the following additional sources of income:

- Annual gross rental income from letting out a house in Singapore - \$120,000. Tenancy-related expenses comprise property tax of \$15,000 and interest of \$50,000 on a mortgage loan that had been taken to finance 50% of the purchase price of the house.
- Annual gross rental income from letting out a bungalow in Indonesia - \$80,000. Tenancy-related expenses comprise property tax of \$10,000 and revenue repairs of \$3,000. Mdm Nguyen will be receiving the net income in Singapore every year.
- Annual interest income from various deposits placed with approved banks in Singapore - \$8,000.
- Share of divisible loss from an existing partnership business of operating a small bakery in Singapore - \$5,000.

**Exemplify**

**Question**

**Number**

**14**

**Question 4 required:**

**(a)** Compute the annual adjusted profit/loss of the new business of trading in diamonds and other precious metals for the two independent scenarios where: (i) the business is carried on through a sole proprietorship; and (ii) the business is carried on through a company. **(10 marks)**

**15**

**(b)** Advise Mdm Nguyen on whether it is more tax-efficient to carry on the new business through a sole proprietorship or a company. Your advice must be supported by income tax computations for Mdm Nguyen and the company based on the five-year projections given in the question. You are also to:

- assume that the prevailing tax laws effective in the Year of Assessment 2018 apply to all relevant years of assessment. However, you are to ignore the corporate tax rebate.
- assume that Mdm Nguyen's personal and family circumstances affecting her claims of personal reliefs remain the same throughout the five years. Assume further that the parenthood tax rebate in respect of Mdm Nguyen's second child has been fully utilised.
- indicate the Singapore tax treatment for all items of income and state all relevant personal reliefs in your computations.
- you should consider personal tax under the "sole proprietorship scenario" and both corporate tax and personal tax under the "company scenario".

- ignore the time value of money.

**(31 marks)**

**(Total: 41 marks)**

**END OF PAPER**