

## **Alternative Net Tonnage Basis of Taxation (NTT basis)**

### **Q1: What is the NTT basis?**

A1: The NTT basis is an alternative way of computing the income tax base of the MSI entities and subjecting that income tax base to the prevailing corporate income tax rate. Only qualifying MSI entities are allowed to elect for the NTT basis. There is no change to the existing incentive requirements and scope such as the minimum economic commitments, qualifying income, annual reporting requirements, etc. where applicable.

### **Q2: Will the existing exemption regime be removed?**

A2: No, the existing tax treatment under the relevant MSI award will continue to apply to MSI entities that are not under the NTT basis. Entities that do not elect for the NTT basis may continue to enjoy the tax exemption.

### **Q3: When can the election be made?**

A3: The NTT basis election may be made at any time during the MSI company's incentive tenure. For the NTT basis to apply from a particular Year of Assessment (YA), the electing entity must make the election on or before the filing due date of its income tax returns for that YA.

### **Q4: Where can the election form for the NTT basis be found?**

A4: Shipping entities that wish to elect for the NTT basis can submit the election form at <https://go.gov.sg/electionform>

### **Q5: What does an electing entity need to furnish as part of the tax package to IRAS?**

A5: The electing entity will need to submit the following to IRAS:

- Form C
- Income tax computation with the calculations of corporate income tax payable under the NTT basis and supporting notes/ schedules (refer to sample computation available at <https://www.iras.gov.sg/taxes/corporate-income-tax/specific-industries/shipping-companies> as a guide).
- *[New]* The following disclosure should also be provided in the income tax computation(s) for the YA when it first makes the election and all subsequent YAs in which the election is in effect:

*“The company has elected for the alternative net tonnage basis of taxation (NTT basis) under the Maritime Sector Incentive with effect from <effective date of MSI award or the first day of YA XX (to indicate the later date)>.”*

- Other documents as required by IRAS (e.g. audited accounts)

*(Note: For YA 2024, the corporate income tax payable under the NTT basis is to be declared by the entity in its tax computation only. For the purposes of completing the Form C e-filing template for YA 2024, the NTT deemed income should be excluded. For YA 2025 and thereafter, the corporate income tax payable under the NTT basis is to be declared in the tax return directly.)*

**Q6: Does an electing entity need to file Estimated Chargeable Income (ECI)?**

A6: Yes, unless the electing entity can meet the requirements for ECI filing waiver i.e. NIL chargeable income **and** an annual revenue of S\$5m or below for the YA.