

Last month, we talk about the SRS scheme where you can **save money** by paying less taxes.

This month, I will continue on the “loop holes” available to you. Yes, these are LEGAL, actually, they are NOT loopholes but just tax incentives given to entrepreneurs in Singapore.

Leave the car in the garage – Bob Oh (All issues are posted here <http://profit-times.blogspot.com>)

IRAS clearly states that **ALL expenses for S-plated vehicles are NOT tax-deductible**. That means no deduction for petrol, repairs, parking etc.

You **MAY claim** petrol expenses from your company, it is allowed, it is however **NOT allowed** for income tax deduction.

For example,

	<i>Accounting profit</i>	<i>Tax profit</i>
Net profit	1,000	1,000
Add back:		
Private car related expenses	0	8,000
Adjusted profit	1,000	9,000
Tax at 18%		405

The tax payable will be calculated on the TAX PROFIT not Accounting profit.

Can you expense off petrol claims by your employees?

For accounting purposes – Yes
For tax purpose – **No**

How can you claim as tax expenses for petrol expenses then?

Pay a fixed transport allowance to your staff.

Pros

The company can claim in full the transport allowance given.

Cons

The company must pay CPF on such allowances.
The staff must pay income tax on these allowances.

Other suggested solution

- Take a taxi – every single cent is claimable.
- Staff to take taxis
- Purchase a business vehicle (e.g. G-plate)
- Engage a chauffeur (car provided)

Why Business vehicle?

a. You can claim petrol, repairs and other related expenses. (except for fines & summons)

b. You are given a capital allowance deduction.

c. You can advertise your company on your business vehicle

d. You need not pay CPF and your employee is not taxed for using the vehicle.

Why a chauffeur?

a. Save you the driving, gives you more time to prepare for your sales meeting.

b. Expense off this service received and get a tax deduction.

c. Move the maintenance of a car and driver to another person.