



Get Steady With Personal Tax

Tax Changes, Treatment And More

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KEY TAKEAWAYS

- From Year of Assessment 2025, Working Mother's Child Relief will be a fixed amount based on the child order for Singaporean child born or adopted on or after 1 January 2024.
- Gains and profits arising from ESOP/ ESOW are taxable in Singapore if the ESOP/ ESOW was granted when the employee was exercising his/ her employment in Singapore.
- Income earned from hobby or pastime may become taxable if the individual performs certain activities repeatedly or habitually in an organised manner in exchange for monetary or non-monetary benefits.

Have you ever wondered if the gains from your hobby or the occasional sales of your cryptocurrency investments are taxable? Let's take a look at Alan, a full-time real estate agent.

Alan enjoys collecting rare trading cards as a hobby. Occasionally, he sells these cards on online platforms, earning up to \$800 per card. Alan also dabbles in cryptocurrencies and makes occasional purchases based on recommendations from friends and online forums. After holding onto his cryptocurrencies for two years, he sold them for a profit of \$2,000.

"Alan invests in cryptocurrencies based on word of mouth and online information without a systematic and organised plan to maximise his profits, and collects trading cards as a hobby with no intention to carry on a trade. Looking at the scenario holistically, and given that the frequency and volume of his transactions are not high, it can be concluded that the gains derived are capital gains, which are not taxable on Alan," clarified officers from the Inland Revenue Authority of Singapore (IRAS). They were speaking at a recent webinar organised by the [Singapore Chartered Tax Professionals](#), which covered key individual tax changes, stock-based remuneration, side-hustle income in the gig economy, and more.

Tax Changes Affecting Individual Taxpayers from YA 2025

WORKING MOTHER'S CHILD RELIEF

Prior to the recent change, the Working Mother's Child Relief (WMCR) was calculated as a percentage of the mother's earned income based on the child order.

From Year of Assessment (YA) 2025, WMCR (for qualifying Singaporean child born or adopted on or after 1 January 2024) will instead be a fixed amount based on the child order.

This fixed dollar tax relief is particularly beneficial to the lower-income and (some) middle-income working mothers, as a percentage of their earned income would be less than the fixed amount.

There will be no change to the WMCR for an eligible working mother with a qualifying Singaporean child born or adopted before 1 January 2024. It will continue to be a percentage of her earned income based on the child order. If a mother claims WMCR for multiple children, the total Child Relief cap (that is, Qualifying Child Relief/ Child Relief (Disability) plus WMCR) is \$50,000 per child and the total claim is capped at 100% of her earned income.

INCREASE IN INCOME THRESHOLD CRITERIA FOR DEPENDENTS/ CAREGIVERS

In response to feedback from tax practitioners and the public regarding the rising costs of living and wage levels, the income threshold criteria for dependants or caregivers have been increased from \$4,000 to \$8,000 for dependant-related tax reliefs.

Stock-Based Remuneration

Companies may provide compensation in the form of company shares or stock options. Generally, Employee Share Option (ESOP) grants an employee the right, with no obligation, to purchase company shares at a specific pre-determined exercise price within a timeframe, while Employee Share Ownership (ESOW) allows an employee to own or purchase company shares either for free or at a discounted price after a period of time.

IDENTIFY SOURCE

Gains and profits arising from ESOP/ ESOW are taxable in Singapore if such ESOP/ ESOW was granted in connection with Singapore employment or, in other words, if it was granted when the employee was exercising his/her employment in Singapore.

Whether the employee is in Singapore when the ESOP/ ESOW is vested to or exercised by him/ her is irrelevant in determining whether the gains and profits are taxable in Singapore.

Specifically, the income threshold for Spouse Relief, Parent Relief, Qualifying Child Relief, WMCR, CPF Cash Top-up Relief for top-up to the CPF account of spouse or siblings, and Grandparent Caregiver Relief has been raised from YA 2025. There are no changes to the other conditions for these tax reliefs.

STANDARDISATION OF FILING DUE DATE FOR PAPER TAX FORMS

From YA 2025, the filing due date for paper tax forms (including Forms P, B, B1, and M) has been changed to 18 April to align with the e-Filing due date.

FIND DATE OF TAXABLE POINT

The General Rule

The taxable point is when the shares are unconditionally owned by the employee. Depending on the vesting period and/or selling restriction that may be attached to the ESOP/ ESOW, the date of taxable point will generally be the later of the following dates (except for foreign employees subject to the deemed exercise rule):

- Grant date,
- Vested date,
- Exercise date (not applicable to ESOW), or
- Lift of selling restriction date.

Deemed Exercise Rule for Foreign Employees

When a foreign employee who has been granted ESOP/ ESOW by an employer in Singapore ceases employment in Singapore, such ESOP/ ESOW will be treated as if they have been exercised or vested at the point of cessation of employment under the deemed exercise rule. The date of the taxable point under the deemed exercise rule is the later of the following dates:

- One month before the cessation date, or
- Grant date.

Side-Hustle Income in The Gig Economy

Generally, income derived by gig workers who take up jobs on a freelance basis, or perform work under a contract for service, is taxable as gains or profits from a trade, business, profession or vocation. This is so even if the work is carried out on a part-time basis or intermittently, or used to supplement the gig workers' other sources of income. Gig workers may be able to claim business expenses against their trade, business, professional, or vocation income if certain conditions are fulfilled.

CALCULATE AMOUNT

The taxable gain per share is the open market value at date of the taxable point minus the price payable by the employee (that is, the exercise price for ESOP or the price paid/ payable for ESOW).

Unlike side-hustle and gig work, a hobby or pastime is not considered a business and income earned from such activities is generally not taxable. However, the income earned from such "hobby or pastime" may become taxable if the individual performs certain activities repeatedly or habitually in an organised manner in exchange for monetary or non-monetary benefits.

Gains From Investment

Gains from the sale of investments (such as property, shares, and financial instruments) are generally not taxable as they are capital gains. However, these gains may be taxable if one buys and sells investments with a profit-seeking motive or is deemed to be trading in investments.

Some of these factors include:

- Frequency of transactions,
- Reasons for buying and selling investments,
- Financial ability to hold the investment long-term, and
- Length of ownership.

To determine whether an individual is trading in investments, it is essential to consider several factors (badges of trade) in a holistic manner, similar to how the IRAS officers arrived at the conclusion in the example about Alan at the start of this article.

Conclusion

As you prepare the individual tax returns this April, remember to consider the recent changes in tax reliefs and income thresholds. In addition, be mindful of the tax implications of stock-based remuneration and side-hustle income in the gig economy.

By staying informed and proactive, you can ensure a smoother and more efficient individual tax filing experience. If you have any questions or need further assistance, do not hesitate to reach out to an [accredited tax professional](#).

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This technical commentary is written by SCTP's Tax Head, Accredited Tax Advisor (Income Tax) Felix Wong and Tax Manager, Accredited Tax Practitioner (Income Tax & GST) Joseph Tan. For more insights, please visit <https://sctp.org.sg/Tax-Articles>.

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