



Singapore  
Medical  
Association

For Doctors, For Patients

Dear SMA Members

**SMA's advisory to Members to re-evaluate the original motivations for establishing their organisational structures**

SMA notes that the Inland Revenue Authority of Singapore (“IRAS”) has, particularly in the past few years, scrutinized and investigated the use of corporate structures by members of the medical profession in the running of their medical practices. It is also noted that several of these cases have since gone on appeal to the Income Tax Board of Review.

Whilst SMA wishes to remind its members not to establish artificial or contrived structures with a blatant or primary purpose of avoiding or reducing taxes, SMA also notes that the use of a company as a business vehicle by itself has been a common practice since time immemorial. Members have been doing so openly with the knowledge of IRAS, until now.

Until recent years, corporate tax rates were higher than personal effective tax rates in the vast majority of situations, and the partial tax exemption and start-up tax exemption for companies had not yet been introduced. SMA believes that in most of these cases, companies were used mainly to avail of the separate legal personality and limited liability features of a company. Since then, tax rates have changed and exemption schemes for companies have been introduced. However, the original need to use companies for separate legal personality and limited liability protection purposes still exists today.

Members are encouraged to review their existing structures and to evaluate and remind themselves of their original intentions and motivations for establishing their structures.

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SMA60  
For Doctors For Patients  
Years