YA 2026 Corporate Income Tax Rebate: Reconcile the Cash Grant

Description

Budget 2026 provides a 40% Corporate Income Tax rebate for YA 2026, capped at S$30,000. Eligible active companies that met the local-employee condition receive a S$1,500 cash grant, which forms part of that overall rebate cap rather than sitting on top of it. IRAS corporate income tax rates and rebates. IRAS ECI filing guide.

Choose the branch that matches your case

Situation	Next step
Tax is payable for YA 2026	Calculate 40% and apply the overall cap
Active company with qualifying local employee	Reconcile the automatic S$1,500 cash grant
Only shareholder-director received CPF contributions	The local-employee condition is not met on that fact alone
Eligible grant not received by Q2 2026	Prepare a myTaxMail appeal by 30 November 2026

Calculate the rebate on tax payable

The 40% applies to corporate income tax payable for YA 2026, after the normal tax computation. It is not 40% of revenue, accounting profit or estimated chargeable income. IRAS corporate income tax rates and rebates.

A company with S$20,000 of tax payable has a preliminary rebate of S$8,000. A company with S$100,000 reaches S$40,000 before the S$30,000 cap.

Place the cash grant inside the cap

IRAS states that the S$1,500 CIT Rebate Cash Grant is part of the YA 2026 rebate and subject to the combined S$30,000 cap. IRAS ECI filing guide.

Do not book S$30,000 of rebate plus another S$1,500. The grant provides earlier cash support for qualifying companies, but the final tax reconciliation must include it.

Test active-company status at disbursement

An active company is carrying on a trade or business, including investment-holding activity, at the point of disbursement. IRAS excludes entities that are not carrying on a trade or business, are in liquidation, under full receivership or have ceased to exist.

Keep evidence of activity relevant to the company, such as contracts, transactions or investment records. Incorporation alone does not establish active status.

Apply the local-employee condition exactly

The company must have made CPF contributions to at least one Singapore Citizen or Permanent Resident employee in calendar year 2025. A shareholder who is also a director is excluded from this test.

Payroll should identify the qualifying employee and CPF submission month. Do not count a foreign employee, sole director-shareholder or unpaid family member.

Expect the qualifying grant automatically

IRAS says qualifying active companies, whether tax resident or not, receive the grant automatically by the second quarter of 2026. No separate routine application is needed.

Match the receipt to the correct entity and bank account. A group should not net grants between subsidiaries.

Use the appeal route for edge cases

A company that met the condition but did not receive the grant can email IRAS through myTaxMail by 30 November 2026. IRAS gives centralised hiring and secondment as examples that may need review.

The appeal should identify the qualifying CPF trail and explain the employment arrangement. The deadline should sit in the tax calendar now.

Keep filing duties separate

The rebate does not remove Estimated Chargeable Income, Form C-S, Form C-S Lite or Form C obligations. File on the normal basis and let the assessment reflect the relief.

A rebate is not permission to understate income or defer records. Reconcile the tax ledger when the notice and grant are received.

Build a dated decision record

Write down the exact outcome you need: separate the tax rebate from the cash grant and test the employee condition. Keep the household, company, product, trip or booking facts that produced the result beside it. A result based on different facts is not a precedent, even when the headline issue looks similar.

Record the date and the controlling page you checked. For this decision, the source set is IRAS corporate income tax rates and rebates; IRAS ECI filing guide. Save the relevant reference number, model, class, property detail, deadline, service route or ticket choice. That makes it possible to reconstruct the decision if a rule, inventory position or personal fact changes.

Use two working aids instead of a single yes-or-no note. First, make a combined rebate-and-grant reconciliation. Second, add a local-employee eligibility evidence checklist. The first shows how the facts map to the official rule or live service; the second exposes the timing, cost, trade-off or follow-up action that a simple eligibility answer can hide.

Set a stop condition before acting. Pause if you encounter applying 40% to revenue, adding the grant above the cap, counting a shareholder-director, or if any fact no longer matches the source you checked. Re-run the relevant official tool or contact the competent organisation. The purpose of the record is not paperwork for its own sake. It prevents an old screenshot, rough estimate or remembered rule from becoming an expensive assumption.

Work the example before the real decision

An active SME has YA 2026 tax payable of S$12,000 and met the local-employee condition. Forty per cent is S$4,800. If it received the S$1,500 cash grant, the remaining rebate effect is S$3,300, subject to IRAS assessment. This is an arithmetic illustration, not the companyâ??s tax computation.

Reader checklist

1. Confirm the YA 2026 tax payable base
2. Calculate 40%
3. Apply the S$30,000 combined cap
4. Verify active status
5. Identify a qualifying local employee
6. Match the S$1,500 receipt
7. Calendar 30 November for any appeal

Mistakes to avoid

- Applying 40% to revenue
- Adding the grant above the cap
- Counting a shareholder-director
- Ignoring entity-level reconciliation

- Treating the rebate as a filing exemption

Related next reads

After separate the tax rebate from the cash grant and test the employee condition, check ACRA annual-return deadlines. You can also audit payroll records.

Questions readers ask

What is the YA 2026 rebate rate?

40% of corporate income tax payable, capped at S$30,000.

How much is the cash grant?

S$1,500 for eligible active companies.

What is the appeal deadline?

30 November 2026 through myTaxMail.

Date Created
04/08/2026
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