IR21 Tax Clearance: Build the Payroll Timeline Before a Foreign Employee Leaves

Description

An employer generally files Form IR21 at least one month before a non-Singapore Citizen employee ceases work, starts a relevant overseas posting or leaves Singapore for more than three months. From the time the employer knows, all monies due must be withheld until IRAS issues a clearance directive. IRAS employer IR21 hub. IRAS employee tax-clearance guide. MOM Work Permit cancellation guide.

Choose the branch that matches your case

Situation	Next step
Singapore Citizen employee	IR21 does not apply on citizenship alone
Foreign or SPR employee ceasing work	Run the IRAS clearance test immediately
Qualifying incidental overseas posting	Check the stated exception conditions
Employee leaves without notice	File promptly and explain why one month was impossible

Trigger the review when the exit becomes known

The payroll control should start when resignation, termination, posting or a long departure becomes known, not on the last working day. The general filing deadline is at least one month before cessation or departure. IRAS employer IR21 hub.

Send the case to tax and payroll on the same day. A later work-pass cancellation does not replace Form IR21.

Use citizenship, not job title, as the first screen

IRAS describes the duty for non-Singapore Citizen employees, including foreigners and Singapore Permanent Residents. It applies across work-pass types, including Personalised Employment Pass holders. [IRAS employee tax-clearance guide].

Do not assume a senior executive, local hire or PR is outside the process. Then apply IRASâ??s published exceptions to the actual facts.

Freeze all monies due

Withholding covers salary, bonus, overtime, leave pay, allowances, gratuities and lump sums due from the date the employer knows about the exit or departure. [MOM Work Permit cancellation guide].

The withheld amount is not a penalty or employer property. It is held for tax clearance, and any excess must be returned after the directive.

File the right income periods

Form IR21 reports income up to the last employment day or the day before departure, with calendar-year breakdowns where the employment spans years.

Check Auto-Inclusion Scheme data to avoid duplicating previously transmitted income. Reconcile equity awards, benefits and termination components separately.

Handle no-notice departures honestly

When an employee leaves without notice and salary has already been paid, IRAS asks the employer to state the reason for late filing and why monies could not be withheld.

Do not invent a withholding amount. Record the actual last attendance, payment date, period and amount, then file promptly.

Wait for the clearance directive

IRAS says most forms are processed within 21 days, with e-filed forms generally faster. Incomplete information or queries can extend the time.

Payroll should release or remit only as directed. Keep the directive and proof of any tax payment with the exit file.

Coordinate the employment exit

For Work Permit cancellation, MOM tells employers to seek IRAS clearance at least one month before the workerâ??s last day, settle employment issues and arrange repatriation.

Those are parallel duties. Tax clearance cannot be used to delay undisputed non-withheld rights or avoid proper notice and repatriation steps.

Build a dated decision record

Write down the exact outcome you need: decide whether clearance applies and stop the payroll release at the right date. 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 employer IR21 hub; IRAS employee tax-clearance guide; MOM Work Permit cancellation 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 an exit-notice-to-clearance payroll timeline. Second, add a covered-payment withholding ledger. 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 waiting until pass cancellation, excluding pr employees automatically, withholding only base salary, 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

A foreign employee resigns on 14 August with a last day of 13 October. IRASâ??s example logic makes 14 September the filing deadline. Payroll starts withholding all monies when it learns of the departure, files early and releases the balance only after the clearance directive.

Reader checklist

1. Record when the employer learned of the exit
2. Check citizenship and exception status
3. Set the one-month filing deadline
4. Stop all covered payments
5. Reconcile income and equity
6. File IR21
7. Act on the clearance directive

Mistakes to avoid

- Waiting until pass cancellation
- Excluding PR employees automatically
- Withholding only base salary
- Duplicating AIS income

- Releasing money before the directive

Related next reads

After decide whether clearance applies and stop the payroll release at the right date, check ACRA annual-return deadlines. You can also audit payroll records.

Questions readers ask

How early should IR21 be filed?

Generally at least one month before cessation or departure.

What must be withheld?

All monies due, including salary, bonuses, allowances and other covered payments.

How long does processing take?

IRAS says most forms are processed within 21 days.

Date Created
04/08/2026
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