Employment income across the hubs

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Article 15 allocates employment income to the state where the employment is exercised. The residence state keeps the exclusive right if the employee is present in the other state for no more than 183 days in any twelve-month period, is paid by an employer not resident in the other state and the cost is not borne by a permanent establishment there.[1] For token grants to employees who work in both hubs the allocation follows the working days during the vesting period. An engineer who worked 60 per cent of the vesting period in Singapore and 40 per cent in Zug has 60 per cent of the vesting value taxed in Singapore and 40 per cent in Switzerland, each at its own time of taxation. Singapore taxes at vesting. Switzerland taxes according to its classification of the grant, which for a payment token received as salary is at receipt. The two timings may differ and the client may pay tax in one state before the other, with credit available only when both have taxed. The deemed exercise rule for share plans (Chapter VI of this Part) applies to the Singapore-sourced portion when the employee leaves.

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Notes

1. Singapore–Switzerland DTA 2011, Art. 15 (income from employment; 183-day rule in any twelve-month period; employer and permanent establishment conditions). ↩

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