Losses and deductions

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Trading losses from token dealing are deductible against other income of the same year under section 37, carried forward indefinitely against future income subject to the shareholding test for companies, and carried back one year up to S$ 100,000 under section 37D.[1] Capital losses are not deductible. The asymmetry that favours the investor on gains therefore bites on losses, and clients who lost heavily in 2022 found that their "no capital gains tax" status also meant no relief for the collapse of their holdings. A loss on tokens lost through a hack or an exchange failure is deductible only if the tokens were trading stock. Even then IRAS will ask for evidence that the loss is final, which in the case of an insolvent exchange may mean waiting for the liquidator's distribution.

Payments made in tokens are deductible on the same terms as payments in cash. A business that pays a contractor in USDT deducts the Singapore-dollar value at the payment date, while the disposal of the tokens used to pay is itself a disposal event for the payer.[2] Withholding tax under section 45 applies to payments of interest, royalties and certain fees to non-residents regardless of the currency or token in which they are paid. The payer must compute the Singapore-dollar amount at the payment date and remit the tax in Singapore dollars by the fifteenth of the second

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month following payment.[3] A Singapore operating company that pays a Swiss affiliate a licence fee in tokens therefore withholds at the treaty rate discussed in Chapter IX of this Part.

Checklist

Records a Singapore taxpayer dealing in tokens should keep for each transaction: - date and time (UTC and Singapore time) - token, quantity and counterparty or protocol - Singapore-dollar value and the source of the rate used - purpose of the transaction (trade, payment, treasury, staking, gas) - wallet addresses on both sides - transaction hash - fees paid, including gas, and their Singapore-dollar value - for airdrops and forks, the basis on which they were received IRAS expects records to be kept for five years from the relevant year of assessment.

Notes

1. Income Tax Act 1947, ss. 37(3), 37(12) (shareholding test) and 37D (carry-back relief). ↩
2. IRAS, e-Tax Guide *Income Tax Treatment of Digital Tokens*, second edition, 30 January 2026, section on payment tokens used as payment for goods or services (deduction of value; disposal by payer). ↩
3. Income Tax Act 1947, ss. 45, 45A and 45B (withholding on interest, royalties and other payments to non-residents); IRAS, filing and payment deadline for withholding tax. ↩

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