The charge to tax and its territorial logic

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Singapore income tax is charged under section 10(1) of the Income Tax Act 1947 on income "accruing in or derived from Singapore or received in Singapore from outside Singapore". The provision lists the heads of charge. Paragraph (a) covers gains or profits from any trade, business, profession or vocation, paragraph (b) gains or profits from employment, paragraph (d) dividends, interest and discounts and paragraph (f) rents, royalties, premiums and other profits from property. Paragraph (g) adds a residual head for "any gains or profits of an income nature" not otherwise caught.[1] Two features of this charge matter for digital assets more than any other. The Act taxes income and says nothing about capital, so a gain that is capital in nature falls outside it altogether. The Act also reaches foreign income only when it is received in Singapore, so the source of a gain and the place where it is kept both determine whether tax is due.

Singapore has no definition of "income" in its statute. The courts have adopted the English and Australian approach of asking whether a receipt has the character of income in the hands of the recipient. The trade-or-capital distinction is drawn with the "badges of trade" developed by the Royal Commission of 1955 and applied in Singapore in cases such as *ABD Pte Ltd v Comptroller of Income Tax* [2010] SGHC 107

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and *BBO v Comptroller of Income Tax* [2014] SGCA 10.[2] For digital assets the result is a two-step analysis. Is the holder trading in tokens, so that gains are revenue under section 10(1)(a)? If not, is the particular receipt (a staking reward, an airdrop, a mining fee) income under another head, usually paragraph (g)? Only a receipt that fails both tests escapes the charge.

The IRAS e-Tax Guide on digital tokens

IRAS first published its e-Tax Guide *Income Tax Treatment of Digital Tokens* on 17 April 2020, revised it on 9 October 2020 and reissued it as a second edition on 30 January 2026 with renumbered statutory references and editorial changes.[3] The Guide is not law. It records how the Comptroller will apply the Act. In practice the taxpayer who departs from it carries the burden of persuading IRAS, the Income Tax Board of Review or the General Division of the High Court that the Comptroller is wrong. In my experience no client has yet wished to run that argument on a point where the Guide is generous, which is most points.

The Guide follows the three-way token taxonomy that MAS adopted in its *Guide to Digital Token Offerings* and that FINMA uses in Switzerland (see Part B, Chapter III and Part E, Chapter I). Payment tokens are "intangible property" and not currency. Utility tokens are rights to goods or services. Security tokens are digital representations of debt or equity.[4] The classification determines the tax consequence at each stage of the token's life: issuance, receipt as consideration, holding and disposal.

Notes

1. Income Tax Act 1947 (2020 Rev. Ed.), s. 10(1)(a)–(g), Singapore Statutes Online. ↩
2. ABD Pte Ltd v Comptroller of Income Tax, General Division of the High Court, 2010, and BBO v Comptroller of Income Tax, Court of Appeal, 2014, as cited in the text. ↩

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3. IRAS, e-Tax Guide *Income Tax Treatment of Digital Tokens*, second edition, 30 January 2026 (first edition 17 April 2020, revised 9 October 2020). ↩
4. IRAS, e-Tax Guide *Income Tax Treatment of Digital Tokens*, second edition, 30 January 2026, paras 4–5 (classification and tax treatment by token type). ↩

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