

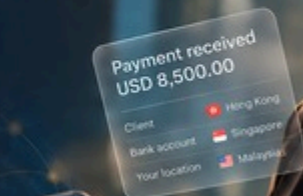
INSIGHTS

Where Should You Pay Tax?

It May Not Be Where You Receive the Money

In today's borderless world, it is common to live in one country, work in another, have a client somewhere else, and receive payment into a different bank account.

So, where should you actually pay tax?



AT A GLANCE

It's Not Just About Where the Money Comes From

For personal service, freelance and contractor income, the key questions are usually **where you are tax resident** and **where you physically perform the work**. The location of your client or bank account does not necessarily determine where the income is taxable.

A QUICK COMPARISON (SELECTED COUNTRIES) — INDIVIDUALS INCOME

If you are...	Country	Tax system	Income generated locally (work performed locally) ^{Note1}	Income generated overseas (work performed overseas) ^{Note1}	General rules
Tax resident	 SG /  HK	Mainly territorial	Generally taxed regardless where the payment received	Generally not taxed regardless where the payment received	Mainly follow where income is generated
Tax resident	 MY	Territorial + foreign-income rules	Generally taxed regardless where the payment received	– Generally taxed when received in MY , but qualifying foreign income may be exempt until 2036 ^{Note2} – Generally not taxed when received overseas	Follow where income is generated first; if foreign income, check where received & exemption rules
Tax resident	 AU /  NZ	Worldwide	Generally taxed regardless where the payment received	Generally taxed regardless where the payment received ^{Note3}	Tax resident → generally worldwide income
US tax resident / US citizen	 US	Worldwide taxation (residence + citizenship)	Generally taxed regardless where the payment received	Generally taxed regardless where the payment received	US citizen / tax resident → generally worldwide income; foreign tax credit may apply if foreign tax is paid

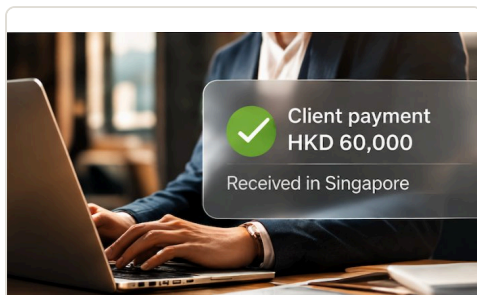
Note 1: For service/freelance income, "where income is generated" generally follows where the person actually performs the work — not where the customer/payer is or where the bank account is.

Note 2: Qualifying foreign income received in Malaysia may be exempt if the exemption conditions are met (e.g. the income was subject to tax overseas).

Note 3: Certain AU temporary residents may be exempt from AU tax on some foreign income, and NZ new/returning tax residents may qualify for a temp exemption on most foreign income for up to 4 years.

Please note: (a) This is a high-level learning table for individuals/service income only — it does not apply to dividends, interest, rent, capital gains, or companies. (b) Under CRS, overseas bank account information may be reported to your tax-resident country. Receiving money overseas does not change where you are tax resident or where income should be taxed.

THREE REAL-WORLD EXAMPLES



CASE 01 Malaysia Resident HK Client, Singapore Bank

You live and work in Malaysia, provide services to a Hong Kong client, and receive payment into a Singapore bank account.

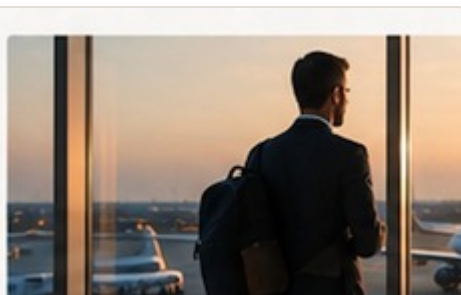
- Live & work **Malaysia**
- Client **Hong Kong**
- Bank account **Singapore**

AS A GENERAL RULE Malaysia tax applies.

If you physically perform the work in Malaysia, the income is Malaysian-source — regardless of where the client is or where payment is received.

KEY TAKEAWAY

Follow where the work is performed — not where the money goes.



CASE 02 NZ Tax Resident Temporarily Works in AU

You are a New Zealand tax resident, temporarily travel to Australia to perform freelance work. Your client is based in New Zealand.

- Home residence **New Zealand**
- Work location **Australia (temp)**
- Client **New Zealand**

AS A GENERAL RULE Potentially both AU and NZ — but not necessarily double tax.

AU may have taxing rights as the work is performed there. NZ taxes residents on worldwide income. DTA or foreign tax credit rules may provide relief.

KEY TAKEAWAY

Worldwide-tax system: earning income overseas does not take it outside your home country's tax net.



CASE 03 US Citizen Lives & Works in Singapore

You are a US citizen living and working in Singapore, earning income from work performed there.

- Citizenship **United States**
- Live & work **Singapore**
- Income source **Work in Singapore**

AS A GENERAL RULE Singapore tax applies — and US tax rules still follow the US citizen.

The US taxes citizens worldwide even when living overseas. SG–US have no comprehensive DTA, but a Foreign Tax Credit (FTC) may be available for Singapore tax paid. The Foreign Earned Income Exclusion (FEIE) may also be relevant.

KEY TAKEAWAY

No DTA does not automatically mean double taxation — domestic FTC rules may provide relief.

DTA VS FOREIGN TAX CREDITS — WHAT'S THE DIFFERENCE?

DOUBLE TAX AGREEMENT (DTA)

A treaty between two countries that determines how cross-border income is taxed. It may give one country primary taxing rights, provide an exemption, reduce a rate, or allow a credit — depending on the treaty.

DTA
Country A ↔ Country B
Agreement between countries

FOREIGN TAX CREDIT (FTC)

A credit for qualifying tax already paid to another country. Under many countries' domestic rules, an FTC may be available even where there is no comprehensive DTA with that other country.

FTC
Foreign tax paid → Tax credit
Relief under applicable domestic tax rules

Neither means you can simply choose the country with the lowest tax rate.

Four Questions to Start With

01

Where am I **tax resident**?

02

Where is the **work performed**?

03

Is there a **DTA** between the two countries?

04

Can a **foreign tax credit** reduce double taxation?

Cross-border taxation is nuanced. The same income can be treated very differently depending on where you are tax resident, where the work is performed, and which treaty rules apply. DFG Advisory is an accounting, tax, advisory and fractional CFO firm with a strong focus on the fintech and technology sector, though we work across industries. Corporate advisory is our core strength, and where your personal tax situation intersects with business or cross-border complexity, we are happy to help you think it through.

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