

# Money Market Withholding Tax - Net

## **PURPOSE**

To show illustration of money market withholding tax net.

## **OVERVIEW**

- i. Loan revalued to period end closing rate.
- ii. No revaluation on interest expense.
- iii. Withholding Tax Calculation based on net.

## **TRANSACTION DETAILS**

Accounting Base Ccy
Trade ID
Trade Date
Value Date
Maturity Date
Currency
Amount
Rate
Accrual Method
Total Interest
Maturity Amount
Withholding Tax
Withholding Tax Basis
USD
MMK1001
3-Feb-03

3-Feb-03
3-Apr-03
SGD
1,000,000.00
5.1232%
Act/365
8,281.34
1,008,281.34
10%
Net

## SUMMARY OF JOURNALS

ID	Date	Description
J1	3-Feb-03	Money Market Loan Start.
J2	28-Feb-03	Withholding Tax Provision
J3	28-Feb-03	Money Market Month End Accruals.
J4	1-Mar-03	Reversal Money Market Month End Accruals.
J5	31-Mar-03	Withholding Tax Provision
J6	31-Mar-03	Money Market Month End Accruals.
J7	1-Apr-03	Reversal Money Market Month End Accruals.
J8	3-Apr-03	Money Market Loan Maturity.

### J1 Money Market Loan Start.

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Feb-03	B	Cash at Bank	SGD	1,000,000.00	0.567456	USD	567,456.38	J1a
MMK1001	3-Feb-03	B	MMK-Loan	SGD	-1,000,000.00	0.567456	USD	-567,456.38	J1b

**Note J1a:** The booking rate on 3-Feb 2003 is 1.76225 (multiplier 0.567456). The rate is rounded to 6dp for display. Full precision is used in calculation.

**J2****Withholding Tax Provision**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	28-Feb-03	B	Withholding Tax Provision - DR	SGD	364.94	0.568919	USD	207.62	J2a
MMK1001	28-Feb-03	B	Withholding Tax Provision - CR	SGD	-364.94	0.568919	USD	-207.62	J2b

**Note J2b: Calculation of Withholding Tax**

Start date	3-Feb-03	
Month End Date	28-Feb-03	
Days (include 28-Feb)	26	= A
Start date	3-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	= B
Total Interest	8,281.34	= C
Period Interest	3,649.40	D = C * A/B
10% Withholding Tax	364.94	= D * 10%

**J3****Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	28-Feb-03	P	MMK-Loan Interest Expense	SGD	3,649.40	0.568919	USD	2,076.21	J3a

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	28-Feb-03	B	MMK- Loan Interest Payables	SGD	-3,649.40	0.568919	USD	-2,076.21	J3b
MMK1001	28-Feb-03	B	MMK - Loan	SGD	0.00		USD	-1,462.45	J3c
MMK1001	28-Feb-03	P	FX - Unrealised Losses - Capital	SGD	0.00		USD	1,462.45	J3d

**Note J3a:           The closing rate on 28-Feb-2003 is 1.75772 (multiplier 0.568919). The rate is rounded to 6dp for display. Full precision is used in calculation.**

**Note J3b:           Calculation of Accrual in SGD**

Start date	3-Feb-03	
Month End Date	28-Feb-03	
Days (include 28-Feb)	26	= A
Start date	3-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	= B
Total Interest	8,281.34	= C
Period Interest	3,649.40	D = C * A/B

**Note J3d:           The unrealised loss on the revaluation of the loan is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.568919	568,918.83
At Start Date	1,000,000.00	0.567456	567,456.38
	Loss in exchange		-1,462.45

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

#### **J4**                      **Reversal Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	1-Mar-03	P	MMK - Loan Interest Expense	SGD	-3,649.40	0.568919	USD	-2,076.21	J4a
MMK1001	1-Mar-03	B	MMK - Loan Interest Payables	SGD	3,649.40	0.568919	USD	2,076.21	J4b
MMK1001	1-Mar-03	B	MMK - Loan	SGD	0.00		USD	1,462.45	J4c
MMK1001	1-Mar-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	-1,462.45	J4d

#### **J5**                      **Withholding Tax Provision**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	31-Mar-03	B	Withholding Tax Provision - DR	SGD	435.12	0.577434	USD	251.25	J5a
MMK1001	31-Mar-03	B	Withholding Tax Provision - CR	SGD	-435.12	0.577434	USD	-251.25	J5b

**Note J5b:                      Calculation of Withholding Tax**

Start date	1-Mar-03	
Month End Date	31-Mar-03	
Days (include 31-Mar)	31	= A
Start date	3-Feb-03	

Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	= B
Total Interest	8,281.34	= C
Period Interest	4,351.21	D = C * A/B
10% Withholding Tax	435.12	= D * 10%

## **J6 Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	31-Mar-03	P	MMK - Loan Interest Expense	SGD	8,000.62	0.577434	USD	4,619.83	J6a
MMK1001	31-Mar-03	B	MMK - Loan Interest Payables	SGD	-8,000.62	0.577434	USD	-4,619.83	J6b
MMK1001	31-Mar-03	B	MMK - Loan	SGD	0.00		USD	-9,977.50	J6c
MMK1001	31-Mar-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	9,977.50	J6d

**Note J6a: The closing rate on 31-Mar-2003 is 1.73180 (multiplier 0.577434). The rate is rounded to 6dp for display. Full precision is used in calculation.**

**Note J6b: Calculation of Accrual in SGD**

Start date	3-Feb-03	
Month End Date	31-Mar-03	
Days (include 31-Mar)	57	= A
Start date	3-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	= B
Total Interest	8,281.34	=C

Period Interest	8,000.62	$D = C * A/B$
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**Note J6d: The unrealised loss on the loan is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.577434	577,433.88
At Start Date	1,000,000.00	0.567456	567,456.38
	Loss in exchange		-9,977.50

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

## **J7 Reversal Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	1-Apr-03	P	MMK - Loan Interest Expense	SGD	-8,000.62	0.577434	USD	-4,619.83	J7a
MMK1001	1-Apr-03	B	MMK - Loan Interest Payables	SGD	8,000.62	0.577434	USD	4,619.83	J7b
MMK1001	1-Apr-03	B	MMK - Loan	SGD	0.00		USD	9,977.50	J7c
MMK1001	1-Apr-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	-9,977.50	J7d

## **J8 Money Market Loan Maturity.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Apr-03	P	MMK - Loan Interest Expense	SGD	8,281.34	0.581416	USD	4,814.90	J8a
MMK1001	3-Apr-03	B	MMK - Loan	SGD	1,000,000.00	0.567456	USD	567,456.38	J8b
MMK1001	3-Apr-03	B	Cash at Bank	SGD	-1,008,281.34	0.581416	USD	-586,230.53	J8c

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Apr-03	P	FX - Realised Losses - Capital	SGD	0.00		USD	13,959.25	J8d
MMK1001	3-Apr-03	B	Withholding Tax Provision - DR	SGD	28.07	0.581416	USD	16.32	J8e
MMK1001	3-Apr-03	B	Withholding Tax Provision - CR	SGD	-28.07	0.581416	USD	-16.32	J8f

**Note J8a:**           **The closing rate on 3-Apr-2003 is 1.71994 (multiplier 0.581416). The rate is rounded to 6dp for display. Full precision is used in calculation.**

**Note J8d:**           **The realised loss on the loan is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.581416	581,415.63
At Start Date	1,000,000.00	0.567456	567,456.38
	Loss in exchange		-13,959.25

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

**Note J8f:**           **Calculation of Withholding Tax**

Start Date	1-Apr-03	
Month End Date	3-Apr-03	
Days (include 3-Apr)	2	= A
Start Date	3-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	= B



Total Interest	8,281.34	= C
Period Interest	280.72	$D = C * A/B$
10% Withholding Tax	28.07	$= D * 10\%$

## **EXCHANGE RATES**

Our illustration assumes the company uses different daily exchange rates for accounting.

The following rates were used for this illustration.

Spot rate

Date	USD/SGD	SGD/USD*
3-Feb-03	1.762250	0.567456
28-Feb-03	1.757720	0.568919
31-Mar-03	1.731800	0.577434
3-Apr-03	1.719940	0.581416

\*Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

## **FREQUENTLY ASKED QUESTIONS**

## **RELATED INFORMATION**

## **CHANGE HISTORY**

Date	By	Changes
26-Aug-2010	CS	Creation.
23-Jun-2016	RJ	Reformatted.
5-May-2020	LT	Re-formatting.