

BEPS Actions implementation by country

Singapore

On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines. The G20/OECD output broadly falls into the following categories:

OECD categorisation	Definition
Minimum standard	All G20/OECD members are committed to consistent implementation
Revision of existing standard	
Common approach	Common approaches to facilitate convergence of national practices
Best practice	Guidance drawing on best practices

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected local country implementation and timing in Singapore.



Last reviewed by Deloitte: August 2017

[More information on the Global Tax Reset & BEPS >>>](#)

Singapore: BEPS Actions implementation

Last updated: August 2017

[More information on the Global Tax Reset & BEPS >>>](#)

Action	OECD categorisation	Notes on local country implementation	Expected timing
VAT on business to customers digital services (Action 1)	Common approach	In budget 2017, the government announced a consultation with businesses on changes to be made to the GST regime with respect to the inbound supply of digital services, potentially on low value imports and the introduction of a reverse charge mechanism.	Not yet known
Hybrids (Action 2)	Common approach	The Inland Revenue Authority of Singapore (IRAS) issued an e-tax guide in 2014 on the income tax treatment of hybrid instruments, specifying factors generally considered in determining whether such an instrument is debt or equity for Singapore income tax purposes.	19 May 2014
CFCs (Action 3)	Best practice	Not yet known, but it is unlikely that Singapore will introduce a CFC regime.	Not yet known
Interest deductions (Action 4)	Common approach	Not yet known.	Not yet known
Harmful tax practices (Action 5)	Minimum standard	<p>Budget 2017 includes a proposal to introduce a BEPS-compliant patent box regime that would incentivise income derived from the exploitation of intellectual property (IP) called the IP Development Incentive (IDI).</p> <p>Details of the IDI were expected to be released by May 2017, but there has been a delay and the details are now expected to be released in the latter part of 2017.</p> <p>“IP income” for purposes of the IDI is expected to include</p>	N/A

Singapore: BEPS Actions implementation

Last updated: August 2017

[More information on the Global Tax Reset & BEPS >>>](#)

royalties from the licensing of IP, as well as embedded royalties in the profits derived by a supply chain principal.

The Finance Minister also announced that the government is “in consultation with businesses, refining [Singapore’s] schemes and implementing the [BEPS] standards”. This could imply that the implementation of BEPS standards could go beyond the proposed changes in regard to the IDI and that changes may need to be made to some of Singapore’s other tax incentives.

In revised transfer pricing guidelines issued on 12 January 2017, the IRAS enhanced the guidance on mutual agreement procedure (MAP) and advance pricing arrangements (APA) as part of its commitment to BEPS Action 5. The IRAS will spontaneously exchange information on cross-border unilateral APAs under a tax treaty or an exchange of information instrument, subject to certain conditions, with:

- Jurisdictions of all related parties with whom the taxpayer enters into transactions that are covered by unilateral APAs; and
- Jurisdictions of the taxpayer’s ultimate parent entity and the immediate parent entity.

Information relating to unilateral APAs issued before 1 April 2017 will be exchanged by December 2017 and those issued after 1 April 2017 will be exchanged within three months after the date of agreement

Prevent treaty abuse (Action 6)	Minimum standard	Singapore signed the multilateral instrument (MLI) on 7 June 2017 and has chosen the principal purpose test only option.	Not yet known – subject to ratification process
Permanent establishment status (Action 7)	Revision of existing standard	Singapore signed the MLI on 7 June 2017. Singapore has reserved against the changes to the PE article.	Not yet known
Transfer pricing (Actions 8-10)	Revision of existing standard	On 12 January 2017, the IRAS released updates to Singapore’s transfer pricing guidelines. The IRAS has clarified that the interpretation and	1 January 2017

Singapore: BEPS Actions implementation

Last updated: August 2017

[More information on the Global Tax Reset & BEPS >>>](#)

application of the arm's length principle should be consistent with that under Actions 8-10, namely, profits should be aligned with value creation and where the real economic activities are located. Accordingly, the determination of risk for transfer pricing analysis purposes also is aligned with that under Actions 8-10.

Disclosure of aggressive tax planning (Action 12)	Best practice	Not yet known.	Not yet known
Transfer pricing documentation (Action 13)	Common approach	Transfer pricing documentation guidelines were updated in January 2015 to be broadly in line with Action 13 recommendations.	January 2015
CbC reporting (Action 13)	Minimum standard	<p>The IRAS issued guidelines on CbC reporting for Singapore on 10 October 2016 that generally are aligned with Action 13. CbC reports will be required where:</p> <ul style="list-style-type: none"> • The multinational enterprise (MNE) group is a Singapore MNE group; • The consolidated group revenue in the preceding financial year is at least SGD 1,125 million; and • The MNE group has subsidiaries or operations in at least one foreign jurisdiction. <p>The CbC report must be submitted by a MNE group's ultimate parent entity within 12 months from the end of its financial year. Therefore, the first filing date for Singapore-headquartered MNEs should be 31 December 2018 (for a financial year ending on 31 December 2017). Taxpayers that fail to submit their CbC reports may be subject to penalties.</p> <p>Singapore-headquartered MNEs will have a "gap" year because the 2016 financial year will not be covered under</p>	Financial years starting on or after January 2017

Singapore: BEPS Actions implementation

Last updated: August 2017

[More information on the Global Tax Reset & BEPS >>>](#)

Singapore's rules, even though most countries that already have adopted CbC reporting follow the recommendations in the BEPS report. To address the transition issue, affected Singapore-headquartered MNEs may file a CbC report for FY beginning on or after 1 January 2016 to IRAS on a voluntary basis. The CbC report will be used by the IRAS (i) to assess high level transfer pricing risk and other BEPS-related risks, and for economic and statistical analysis.

Dispute resolution (Action 14)	Minimum standard Complemented by best practice	Singapore signed the MLI on 7 June 2017. Singapore has opted for mandatory binding arbitration.	Not yet known, subject to ratification process
Multilateral Instrument (Action 15)	Applicable across all four categories	Singapore signed the MLI on 7 June 2017. The positions taken in respect of certain BEPS actions are set out above.	Subject to ratification of the MLI (application of the new and/or amended rules as from 1 January 2019 possible)

Unilateral BEPS Actions

None

Other Tax Developments

No other tax developments to note.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.