

BEPS Actions implementation by country

Singapore



Last reviewed by Deloitte: March 2017

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:

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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.

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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 a reverse charge.	Not yet known
Hybrids (Action 2)	Common approach	The Inland Revenue Authority of Singapore (IRAS) issued an e-tax guide on 19 May 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>The 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). Details of the incentive are expected to be released by May 2017, and the incentive would apply from 1 July 2017.</p> <p>“IP income” for purposes of the IDI is expected to include royalties from the licensing of IP, as well as embedded</p>	N/A

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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. 1 July 2017

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 generally 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 is part of a group of countries that worked with the OECD/G20 to develop a multilateral instrument (MI) to counter treaty abuse. Singapore has not yet made any public announcements on its position on specific articles of the MI or any timeline for the domestic ratification process.	Not yet known
Permanent establishment status (Action 7)	Revision of existing standard	Not yet known.	Not yet known

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Transfer pricing (Actions 8-10)	Revision of existing standard	On 12 January 2017, the IRAS released updates to Singapore's transfer pricing guidelines.	
		IRAS has clarified that the interpretation and application of the arm's length principle should be consistent with that under Actions 8-10, namely, profits should be aligned to 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.	1 January 2017
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 for financial years starting on or after 1 January 2017 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 that 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>	January 2017

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Singapore-headquartered MNEs will have a “gap” year because the 2016 financial year will not be covered under Singapore’s rules, even though most countries that already have adopted CbC reporting follow the recommendations in the BEPS report.

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.

The IRAS also is responsible for the exchange of CbC reports with the tax authorities of the relevant jurisdictions identified in the CbC reports, if there is an agreement with the relevant tax authority for the automatic exchange of CbC reporting information.

For MNE groups whose parent company is not in Singapore, there currently is no requirement for the Singapore subsidiary to notify the IRAS in advance which entity in the MNE group (e.g., ultimate parent, surrogate parent, or resident entity) will file the CbC report.

Dispute resolution (Action 14)	Minimum standard Complemented by best practice	As announced by the government on 16 June 2016, as a BEPS Associate, Singapore will work closely with other jurisdictions to monitor the implementation of minimum standards on dispute resolution developed under the BEPS project. This will complement the other BEPS minimum standards and ensure that taxpayers have access to practical and effective dispute resolution mechanisms under bilateral tax treaties.	Not yet known
Multilateral Instrument (Action 15)	Applicable across all four categories	As a BEPS Associate, Singapore participated in negotiations on the MI released in November 2016. No further announcements on the adoption of the MI have been made.	Not yet known

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Unilateral BEPS Actions

None

Other Tax Developments

No other tax developments to note.



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