

The ACCA logo consists of a red square with the letters 'ACCA' in white, bold, sans-serif font.

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ACCA Singapore Tax Updates

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The Iyer Practice logo features a white hexagon with a blue border containing a white letter 'I'.

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SINGAPORE | HONGKONG
20 YEARS IN PRACTICE



AGENDA

Singapore Budget 2017

How Singapore is
responding to BEPS

CRS

Tax Queries

GST Audits

Tax changes looming in
Singapore

Singapore Budget 2017

- Broad based to targeted measures
- Tax rebates

Particulars	YA 2017 (Existing) S\$	YA 2017 (Revised) S\$	YA 2018 S\$
Total chargeable income of company	500,000	500,000	500,000
Tax payable (considering partial tax exemption)	59,075	59,075	59,075
Tax rebate	20,000	25,000	10,000
Net tax payable	39,075	34,075	49,075
Effective rate	7.8%	6.8%	9.8%



CHANGES TO TAX INCENTIVES

Global Trader Programme

Enhancing the GTP

- Requirement of transactions with qualifying counterparty removed
- Concessionary tax rate for:
 - Physical trading income derived from transactions in which the commodity is purchased for the purpose of **consumption in Singapore** or for the supply of fuel to aircraft or vessels within Singapore
 - Physical trading income attributable to storage in Singapore or any activity **carried out in Singapore** which adds value to commodity by any physical alteration, addition or improvement

Global Trader Programme (Cont'd)

But Tougher Requirements

- Substantive requirement to qualify for GTP to be increased
 - Applicable for new or renewal incentive awards approved from 21 February 2017



IRAS to issue further details.

Other Changes

- **New Intellectual Property Regime**
 - IP income to be incentivised under new IP regime, IP Development Incentive.
 - Such income will be removed from the scope of Pioneer-Services / Headquarters Incentive and the Development and Expansion Incentive-Services / Headquarters
 - Applicable for new incentives **approved** from 1 July 2017
 - Existing incentive recipient to be covered under existing incentive awards till 30 June 2021

EDB to issue further details.





Committee on the Future Economy

- 7 strategies identified by CFE
 - Deepen and diversify international connections
 - Acquire and utilise deep skills
 - Strengthen enterprise capabilities to innovate and scale up
 - Build strong digital capabilities
 - Develop a vibrant and connected city of opportunity
 - Develop and implement industry transformation maps
 - Partner each other to enable innovation and growth

Committee on the Future Economy – Budget Measures

Digitalisation

- Introducing the SMEs go digital programme
- IMDA to work with SPRING and other sector lead agencies
- Three components of SMEs Go Digital Programme
 - Sectoral industry digital plans for SMEs to get step-by-step advice on the technologies to use at each stage of growth
 - SMEs to get in-person help at SME Centres and new SME technology hub to be set up by IMDA
 - SMEs ready to pilot emerging Info-communications and Technology solutions to receive advice and funding support
- Work on strengthening capabilities in data and cybersecurity

Further details to be issued at COS debate.

Committee on the Future Economy – Budget Measures (Cont'd)

Strengthening enterprises scaling up globally

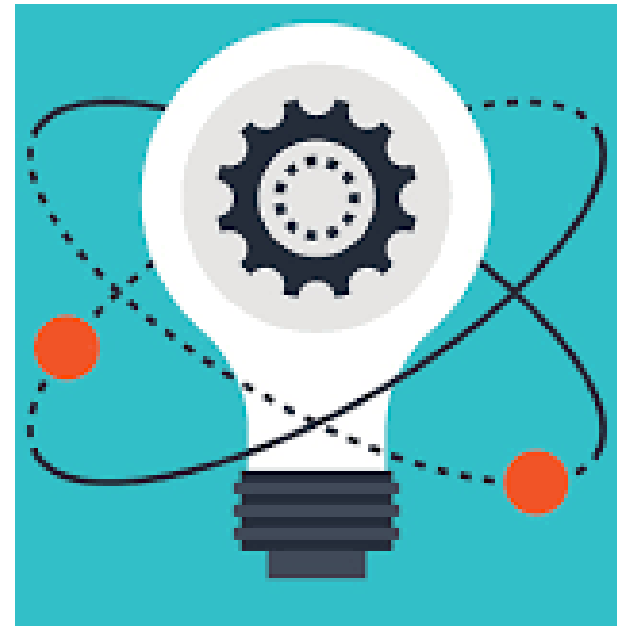
- Setting up a new International Partnership fund (\$ 600 million) – The Fund to **co-invest** with Singapore-based firms to help them scale-up and internationalise
- Enhancement of Internationalisation Finance Scheme



Committee on the Future Economy - Budget Measures (Cont'd)

Innovation

- Support firms in their efforts to tap on innovation and technology
 - A*STAR to expand its efforts to support 400 companies in conducting operation and technology road-mapping
 - Improving access to intellectual property
 - Tech access initiative to support companies in the use of advanced machine tools for prototyping and testing



Environmental Taxes

- Increase in water prices by 30% in 2 phases
- Introduction of carbon tax on emission of greenhouse gases
- Introduction of Vehicular Emissions scheme to encourage use of cleaner vehicles



Other Important Business Changes

- **Key amendment of Budget 2016 (Reminder)**
 - **Termination of PIC Scheme – scheme to expire in YA 2018**
 - **PIC Cash payout rate reduction**
 - Cash payout rate lowered from 60% to 40%



Important Business Changes

- **Non-Budget Change**

- **Simplification of tax compliance for small companies – Filing of Form C-S**

- Qualifying conditions

- Company incorporated in Singapore
 - Annual revenue of S\$1 million or below
 - Only derives income taxable at the prevailing corporate tax rate
 - Not claiming:
 - Carry-back relief
 - Group relief
 - Investment allowance
 - Foreign tax credit
- Increased to S\$5 million or below, effective from the Year of Assessment 2017.

Important Business Changes (Cont'd)

- **Proposed changes to the Income Tax Act**
 - Bill includes an amendment to strengthen the transfer pricing regime and introduce a mandatory transfer pricing documentation (“TPD”) requirement
 - Mandatory TPD requirement will only apply to business with turnover exceeding \$10m and significant related party transactions
 - This change will only be relevant to fewer than 5% of all companies

Compulsory E-Filing

Taxes	Date/YA when e-filing is compulsory
Withholding tax returns	1 July 2016
PIC cash payout applications	1 August 2016
Corporate tax (ECI / Form C / Form C-S)	
<ul style="list-style-type: none"> Companies with turnover more than S\$10 million in YA 2017 	YA 2018
<ul style="list-style-type: none"> Companies with turnover more than S\$1 million in YA 2018 	YA 2019
<ul style="list-style-type: none"> Compulsory for all companies 	YA 2020



How Singapore is Responding to BEPS

- Harmful tax competition
- Transparency
- IP Development Incentive
- Treaty abuse
- Transfer pricing
- Double non taxation



BEPS Multilateral Instrument

- Singapore signed the Multilateral Instrument on 7 June 2017.
- Seeks to facilitate implementation of tax-treaty-related measures to counter BEPS.
- Signatories to the Multilateral Instrument can efficiently update their DTAs to incorporate the measures without the need to re-negotiate each DTA
- These measures include BEPS minimum standards on preventing treaty abuse and enhancing dispute resolution

BEPS Multilateral Instrument (Cont'd)

- Singapore will adopt the following provisions:
 - BEPS minimum standard for preventing treaty abuse
 - BEPS minimum standard for enhancing dispute resolution
 - Providing more certainty and timeliness to taxpayers for cross-border disputes. Binding arbitration

Transparency (exchange of information and CRS) initiatives

- IRAS will exchange CRS information only with jurisdictions that have a CAA for CRS with Singapore
- 23 countries so far

Continent	Jurisdiction	Date of Signing CAA
Africa	South Africa	24 October 16
Asia	Republic of Korea	14 October 16
	Japan	13 October 16
North America	Canada	16 November 16
Oceania	Australia	6 September 16
	New Zealand	22 December 16

*CAA not in force yet

Transparency (exchange of information and CRS) initiatives

Continent	Jurisdiction	Date of Signing CAA
Europe	Belgium*	10 March 2017
	Denmark	13 March 2017
	Estonia	14 February 17
	Finland	22 November 16
	France*	27 March 2017
	Guernsey*	7 April 2017
	Iceland	13 December 16
	Ireland	20 December 16
	Italy	3 November 16

*CAA not in force yet

Transparency (exchange of information and CRS) initiatives

Continent	Jurisdiction	Date of Signing CAA
Europe	Latvia	20 December 16
	Lithuania	24 February 2017
	Luxembourg*	10 March 2017
	Malta	15 December 16
	Netherlands	5 December 16
	Norway	25 October 16
	Spain*	28 April 2017
	United Kingdom	16 September 16

*CAA not in force yet

Multilateral Competent Authority Agreements to enhance tax co-operation on exchange of information

- 21 June 2017, Singapore signed the Multilateral Competent Authority Agreements (MCAAs) on
 - Automatic Exchange of Financial Account information under the CRS
 - Exchange of Country-by-Country (CbC) Reports
- Reaffirms Singapore's commitment to international standards on tax cooperation.
- Under the MCAAs, AEOI relationships remain bilateral – signatories to the MCAA enter in AEOI on a bilateral basis with another signatory on a mutual consent basis.

Tax Queries – Recent IRAS’ Focus

- Research and development expenditure claims
- Productivity and Innovation Credit Scheme claims
- Focused on Company’s where residency is not in Singapore and income is not being taxed in Singapore.
- Companies enjoying incentives i.e. GTP / FSI-FM
- Gains / loss which the Company has not brought to tax / claim a tax deduction, stating that it is capital in nature
- Double tax deduction under Section 14B
- Claiming foreign tax credits
- Transfer pricing

GST Audits

Audits involve reviewing the accuracy of the information in your business' GST return. The audits are conducted on a risk-based approach.

In our experience IRAS will likely to conduct an audit in the following scenarios:

- Significant increased input tax claimed compared to prior quarter returns
- Frequent filing of GST F7 Error Return
- Significant variances in taxable supplies and total revenue declared in financial statements
- Significant GST claimed for pre-registration claim

Total Supplies Versus Total Revenue

- Compare the **total supplies** declared in all the GST returns submitted for accounting periods within a financial year with the **total revenue** reported in the financial statement for the same financial year.
- If the aggregated amount of **total supplies** declared is significantly lower than the **total revenue** reported for the same financial year, you should reconcile the differences to ensure that there was no under-reporting of GST.

Tax changes are looming in Singapore

- Budget 2017 referred to the need to raise revenues, but retain business friendly policies.
- BEPS
- GST
 - Lower threshold
 - Lift reverse charge
 - Digital transactions



Tax changes are looming in Singapore (Cont'd)

- Wealth tax
- Estate duty
- Personal tax
- Territorial system
- Stamp duty – transaction tax
- Tax incentives – Singapore’s fundamental strategy all these years





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