

Singapore Joins Inclusive Framework for Implementing Measures against BEPS

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Background

- Singapore will join the inclusive framework for the global implementation of the BEPS Project, proposed by OECD and endorsed by G20 in February 2016.
- The key principle of BEPS is that profits should be taxed where the real economic activities generating profits are performed and where value is created.
- Singapore will work with other jurisdictions to help develop implementation and monitoring phase of the BEPS project.

Singapore's Position on BEPS

Singapore is committed to implementing the 4 minimum standards under the inclusive framework:

1. Action 5: Countering harmful tax practices
2. Action 6: Preventing treaty abuse
3. Action 13: Country-by-Country Reporting (TP Documentation)
4. Action 14: Enhancing dispute resolution

Countering harmful tax practices

1. Singapore's tax incentives require significant local business presence and investment in Singapore
2. These incentives are legislated and granted for defined periods of time and restricted to income earned from qualifying activities.
3. Non-qualifying activities of incentivised companies are taxed at the prevailing corporate tax rate.

Preventing treaty abuse

1. Singapore does not condone treaty shopping.
2. Many of Singapore's current treaties include provisions that prevent treaty abuse.
3. Singapore is participating in the development of the multilateral instrument. Singapore will consider whether to adopt the multilateral instrument once the instrument is finalised.

Country-by-Country Reporting (TP Documentation)

1. Singapore will commit to implement Country-by-Country Reporting (“CbC reports”) for financial years beginning on or after 1 Jan 2017 for multinational enterprises whose ultimate parent entities are in Singapore and whose group turnover exceeds S\$1,125 million.
2. These companies are required to file the CbC reports with the IRAS within 12 months from the last day of their financial year.
3. The CbC reports will only be shared with foreign tax authorities subject to certain conditions being met (including have a strong rule of law and can ensure the confidentiality of information exchanged and prevent its unauthorised use)

Enhancing dispute resolution

1. Singapore will work closely with other jurisdictions to monitor the implementation of minimum standards on dispute resolution developed under the BEPS Project.
2. This complements the other BEPS minimum standards and ensures that taxpayers have access to be effective and expedient dispute resolution mechanisms under bilateral tax treaties.



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