

16 October 2017

SINGAPORE'S TAX INCENTIVES MEET INTERNATIONAL STANDARDS ON COUNTERING BASE EROSION AND PROFIT SHIFTING (BEPS) ACTIVITIES

The Forum on Harmful Tax Practices (FHTP) has on 16 October 2017 released a progress report on preferential regimes that were reviewed in 2016 and 2017. Specifically, FHTP has assessed that Singapore's tax incentives satisfy the international standards on countering harmful tax practices under the OECD/G20 Base Erosion and Profit Shifting (BEPS) project.

As a member of the international body Inclusive Framework on BEPS, Singapore is committed to implementing internationally-agreed standards to counter base erosion and profit shifting. To date, Singapore has implemented all of the four internationally-agreed standards under the BEPS project:

- Participated in the FHTP's peer review of tax incentives;
- Signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting;
- Implemented Country-by-Country Reporting for financial years starting on or after 1 January 2017, and signed the Multilateral Competent Authority Agreement for automatic exchange of Country-by-Country Reports; and
- Volunteered to be among the first few jurisdictions in Asia to undergo peer review on its implementation of the Mutual Agreement Procedure (MAP). MAP is provided in tax treaties for resolving tax disputes. Effective dispute resolution can help bring certainty and facilitate cross-border investment and trade flows.

"Our tax incentives meet international tax standards and anchor substantive economic activities in Singapore", said Minister for Finance Mr Heng Swee Keat. "I am glad that this is recognised by the FHTP. We will continue to create a conducive environment where businesses at various stages of growth can use Singapore as a base to build deep capabilities, grow and internationalise. In the process, we can create a range of good jobs and expand opportunities for our people."

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[1] In June 2016, Singapore joined the Inclusive Framework for the global implementation of the BEPS project. With this joining, Singapore committed to implementing the four internationally-agreed standards under the BEPS project, namely the standards on countering harmful tax practices, preventing treaty abuse, country-by-country reporting and enhancing dispute resolution.

[2] Criteria used to assess if a tax incentive is harmful includes consideration whether the regime is ring-fenced from the domestic economy, lacks transparency, lacks effective exchange of information, or lacks economic substance.

Annex A:

Singapore's key tax incentives that have been reviewed by the Forum on Harmful Tax Practices

Development and Expansion Incentive - Services

Pioneer Service Company

Aircraft Leasing Scheme

Finance and Treasury Centre

Insurance Business Development

Financial Sector Incentive

Global Trader Programme

Maritime Sector Incentive