

Singapore

Singapore has met all aspects of the terms of reference (OECD, 2017^[3]) (ToR) for the calendar year 2018 (year in review) and no recommendations are made.

In the prior year report, Singapore did not receive any recommendations.

Singapore can legally issue five types of rulings within the scope of the transparency framework. In practice, Singapore issued rulings within the scope of the transparency framework as follows:

- 1 008 past rulings;¹
- For the calendar year 2017: 85 future rulings; and
- For the year in review: 222 future rulings.

Peer input was received from five jurisdictions in respect of the exchanges of information on rulings received from Singapore. The input was generally positive, noting that information was complete, in a correct format and almost all received in a timely manner.

Introduction

This peer review covers Singapore's implementation of the BEPS Action 5 transparency framework for the year 2018. The report has four parts, each relating to a key part of the ToR. Each part is discussed in turn. A summary of recommendations is included at the end of this report.

A. The information gathering process

Singapore can legally issue the following five types of rulings within the scope of the transparency framework: (i) preferential regimes;² (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; (iii) rulings providing for unilateral downward adjustments; (iv) permanent establishment rulings, and (v) related party conduit rulings.

Past rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1, I.4.2.2)

For Singapore, past rulings are any tax rulings within scope that are issued either (i) on or after 1 January 2015 but before 1 April 2017; and (ii) on or after 1 January 2012 but before 1 January 2015, provided they were still in effect as at 1 January 2015.

In the prior year peer review report, it was determined that Singapore's undertakings to identify past rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. Singapore's implementation in this regard remains unchanged, and therefore continues to meet the minimum standard.

Future rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1)

For Singapore, future rulings are any tax rulings within scope that are issued on or after 1 April 2017.

In the prior year peer review report, it was determined that Singapore's undertakings to identify future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. Singapore's implementation in this regard remains unchanged, and therefore continues to meet the minimum standard.

Review and supervision (ToR I.4.3)

In the prior year peer review report, it was determined that Singapore's review and supervision mechanism was sufficient to meet the minimum standard. Singapore's implementation in this regard remains unchanged, and therefore continues to meet the minimum standard.

Conclusion on section A

Singapore has met all of the ToR for the information gathering process and no recommendations are made.

B. The exchange of information

Legal basis for spontaneous exchange of information (ToR II.5.1, II.5.2)

Singapore has the necessary domestic legal basis to exchange information spontaneously. Singapore notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

Singapore has international agreements permitting spontaneous exchange of information, including being a party to the (i) *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[4]) (“the Convention”), and (ii) double tax agreements in force with 80 jurisdictions.³

Completion and exchange of templates (ToR II.5.3, II.5.4, II.5.5, II.5.6, II.5.7)

In the prior year’s peer review report, it was determined that Singapore’s process for the completion and exchange of templates was sufficient to meet the minimum standard. Singapore’s implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

For the year in review, the timeliness of exchanges is as follows:

Past rulings in the scope of the transparency framework	Number of exchanges transmitted by 31 December 2018	Delayed exchanges		
		Number of exchanges not transmitted by 31 December 2018	Reasons for the delays	Any other comments
	269	0		These exchanges were reported as delayed exchanges in the prior year’s peer review report and were exchanged by August 2018.
Future rulings in the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	817	50	The delays occurred due to the need to seek clarification with regard to the reliance on the Convention as the legal basis for spontaneous exchange of information under the Action 5 transparency framework.	Clarifications were obtained in late April 2018 and the delayed exchanges were completed in May 2018.
Total	1 086	50		

Follow up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

Conclusion on section B

Singapore notes that further delays occurred when exchanging information on future rulings due to uncertainties about the application of the Convention as a legal basis for spontaneous exchange of

information under the Action 5 transparency framework. These delayed exchanges have been completed by May 2018 and Singapore notes that it does not expect that further delays would occur in the future. Considering the amount of exchanges that occurred within the timeframe, that Singapore has addressed the issue and does not expect further delays in the future, and that the delayed exchanges were completed swiftly after the interpretive issue was resolved, it is determined that Singapore's process to exchange information still meets the minimum standard.

Conclusion on section B

Singapore has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Singapore has met all of the ToR for the exchange of information process and no recommendations are made.

C. Statistics (ToR IV)

The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Ruling/letters of awards related to a preferential regime	1 134	Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China (People's Republic of), Colombia, Denmark, Estonia, Finland, France, Germany, Greece, Guernsey, India, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Saudi Arabia, Slovak Republic, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, Uruguay
Cross-border unilateral advance pricing agreements (APAs) and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	2	<i>De minimis</i> rule applies
Cross-border rulings providing for a unilateral downward adjustment to the taxpayer's taxable profits that is not directly reflected in the taxpayer's financial / commercial accounts	0	N/A
Permanent establishment rulings	0	N/A
Related party conduit rulings	0	N/A
<i>De minimis</i> rule	N/A	N/A
IP regimes: total exchanges on taxpayers benefitting from the third category of IP assets, new entrants benefitting from grandfathered IP regimes; and taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption	7	France, Germany, India, Japan, Korea, Malaysia, Switzerland
Total	1 143	

D. Matters related to intellectual property regimes (ToR I.4.1.3)

Singapore offered two preferential regimes, which also provided benefits to income from intellectual property (IP regime).⁴ The IP parts of both regimes were abolished as of 30 June 2018 and are subject to transparency requirements under the Action 5 Report (OECD, 2015^[5]). It states that the identification of the benefitting taxpayers will occur as follows:

- **New entrants benefitting from the grandfathered IP regime:** Transparency obligations apply for the two regimes, because grandfathering is provided to entrants that entered the regime after the relevant date from which enhanced transparency obligations apply. New entrants include both (i) new taxpayers not previously benefitting from the regimes and (ii) new IP assets owned by taxpayers already benefitting from the regimes. Singapore's approach is described in detail in the prior year's report and which meets the ToR. Seven exchanges occurred in the year in review.
- **Third category of IP assets:** not applicable as the IP regimes have been abolished.
- **Taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption:** not applicable as the IP regimes have been abolished.

Singapore introduced a new IP regime⁵ which came into effect from 1 July 2018. It is noted that this regime is not subject to transparency requirements under the Action 5 Report (OECD, 2015^[5]), because:

- **New entrants benefitting from the grandfathered IP regime:** as this is a new IP regime rather than a grandfathered IP regime, transparency on new entrants is not relevant.
- **Third category of IP assets:** not applicable as the regime does not allow the third category of IP assets to qualify for the benefits.
- **Taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption:** not applicable as the regime does not allow the nexus ratio to be treated as a rebuttable presumption.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
	No recommendations are made.

Notes

¹ Including two that fell into more than one category under the BEPS Action 5 report.

² With respect to the following preferential regimes: 1) Development and expansion incentive - services, 2) Pioneer service company, 3) Aircraft leasing scheme, 4) Finance and treasury centre, 5) Insurance business development, 6) Financial sector incentive, 7) Global trader programme.

³ Parties to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm. Singapore also has double tax agreements with Albania, Australia, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Brunei Darussalam, Bulgaria, Cambodia, Canada, China (People's Republic of), Cyprus, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Ethiopia, Fiji, Finland, France, Georgia, Germany, Guernsey, Hungary, India, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Kuwait, Lao People's Democratic Republic, Latvia, Libya, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Mongolia, Morocco, Myanmar, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Philippines, Poland, Portugal, Qatar, Romania, Russia, Rwanda, San Marino, Saudi Arabia, Seychelles, Slovak Republic,

Slovenia, South Africa, Spain, Sri Lanka, Sweden, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Uzbekistan and Viet Nam.

Note by Turkey: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union. The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

⁴ These regimes are: 1) Pioneer service company and 2) Development and expansion incentive – services.

⁵ This regime is the IP development incentive.



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