Looking outward: outsourcing finance and payroll
Unlocking talent potential in SMEs
Helping SMEs spread their wings
Oil and gas sector facing structural shift
More clarity for foreign investors in India
Korea embarks on tax reform
Setting the stage for tax policy change
Businesses today are operating in an era of increasing regulatory and compliance requirements. The gathering pace of regulatory changes, coupled with zealous enforcement practices, make keeping on top of all these changes and the associated compliance requirements a challenging task.

Rather than drawing away precious resources to meet heightened standards of compliance, companies can opt to outsource non-core business functions. “Looking outward: outsourcing finance and payroll” points out why this may make sense. Companies can leverage on the expertise and knowledge of an external global service provider to perform compliance reporting in an accurate and timely manner. They will also have the flexibility and scalability to redeploy resources to pursue other business opportunities.

People are the enabler that brings all aspects of business strategy – products, services, markets – together. However, not all small and medium-sized enterprises (SMEs) have locked down a talent management process. “Unlocking talent potential in SMEs” argues why SMEs need to develop a talent management strategy to upgrade their people and ensure a healthy pipeline of talent.

There is no shortage of tax incentives to help SMEs wishing to plug into opportunities in international markets. Budget 2015 unveiled the new International Growth Scheme, as well as enhancements to existing schemes to help SMEs internationalise. “Helping SMEs spread their wings” highlights why the conditions for these schemes need to be tailored to ensure deserving SMEs qualify for the schemes.

In this issue, we pay attention to the oil and gas (O&G) sector, which has been hit hard by plummeting oil prices. As players close ranks, the O&G industry becomes ripe for consolidation and tax considerations will come to the fore. “Oil and gas sector facing structural shift” discusses these tax implications in the areas of incentives, finance and corporate restructuring.

In developments abroad, the recent India Budget unveiled several tax announcements that have moved the needle towards greater tax certainty for investors. “More clarity for foreign investors in India” highlights these changes, which include the deferment of General Anti-Avoidance Regulations.

The Base Erosion and Profit Shifting (BEPS) project by the Organisation for Economic Co-operation and Development (OECD), which aims to modernise international tax standards, has gained significant momentum. Even as some recommendations have yet to be finalised, several governments, including South Korea, have already taken unilateral action by introducing their own set of tax reforms. “Korea embarks on tax reform” details the areas in which the nation is moving ahead with tax changes in response to or ahead of the various BEPS Action Plans.

In keeping with the tax reform theme, “Setting the stage for tax policy change” considers the outlook for tax policy especially in the wake of the BEPS project. The article also delves into Singapore’s reaction with regards to BEPS and key drivers for tax policy going forward.

I hope you will find this issue insightful.
Outsourcing non-core functions such as finance and payroll not only enables companies to have better control and enhanced efficiency but also frees up resources to focus on strategic priorities.

It is critical for small and medium-sized enterprises (SMEs) to harness the full potential of their human capital and invest in a talent management strategy.

Various tax incentive schemes are available to help SMEs internationalise. Qualifying conditions should not be too onerous to ensure the schemes are effective.

Oil and gas (O&G) players will need to consider the tax implications of further consolidation in the sector, amid a backdrop of falling oil prices.
Elsewhere outside Singapore

15 More clarity for foreign investors in India
Several tax announcements in India’s recent government Budget demonstrate that India is steadily moving towards providing greater tax certainty for investors.

18 Korea embarks on tax reform
In the wake of the Base Erosion and Profit Shifting (BEPS) project by the Organisation for Economic Co-operation and Development (OECD), South Korea is moving ahead with tax reforms such as introducing value-added tax on certain digital transactions.

In conversation with

21 Setting the stage for tax policy change
With the OECD’s BEPS project gaining momentum, governments around the world are reassessing their tax policies to pave the way for further tax reforms.

At a glance

24 This section lists the latest Inland Revenue Authority of Singapore e-Tax guides, Monetary Authority of Singapore circulars and treaties signed or ratified.

Managing editor: Chung-Sim Siew Moon
Editor: Russell Aubrey
Contributors: Samir Bedi, Chai Wai Fook, Chia Seng Chye, Cho Hyun-Mi, Chung-Sim Siew Moon, Gagan Malik, David Ong, Angela Tan, Toh Shu Hui, Chester Wee
Editorial: Karen Lew
Design: Irene Lee

Email: contact.eyes@sg.ey.com
Website: www.ey.com/sg

For more information on the articles published in this issue, please contact:
The Editor
You and the Taxman
Ernst & Young Solutions LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Tel: +65 6535 7777
Fax: +65 6532 7662

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Looking outward: outsourcing finance and payroll

David Ong highlights the advantages of outsourcing non-core functions to external service providers

Drivers for outsourcing

Outsourcing is the “strategic use of external resources to perform activities that are traditionally handled by internal staff and resources”¹. What is driving companies to look elsewhere for help?

In the last decade, accounting standards have been overhauled and regulatory requirements tightened to ward off another seismic accounting scandal. Boards of Directors and management have to ensure companies have robust corporate governance protocols in place to prevent them from ending up in the headlines for the wrong reasons.

The increasing complexities of the regulatory landscape have placed more pressure on companies to have experienced and strong finance teams with a greater depth of knowledge. It is no longer enough to have a finance manager or “generic” finance team to handle corporate and indirect tax compliance and payroll duties, on top of managing the regular accounting function “day job”.

The absence of qualified back office resources capable of keeping up with rigorous compliance demands could compel senior management to become more involved in non-core or low-value activities. This could eat into precious time that could be spent more productively on strategic and revenue-generating activities.

The responsibilities of having to comply with specialised, stringent and complex regulatory requirements thus require a multi-disciplinary “back office” team. However, hiring and maintaining these additional resources can be costly.

¹Source: http://www.businessforum.com/outsourcing1.html
“The reasons for outsourcing are compelling enough – it offers tighter focus on strategic priorities, enhanced governance and better control, as well as improved efficiency and reporting.”
It is therefore not surprising to find that companies are offloading non-core functions to external service providers to plug the knowledge gap and create a sleeker structure.

Benefits of outsourcing

More and more companies are beginning to realise the tactical advantage of outsourcing processes which do not provide a competitive advantage, such as payroll, bookkeeping or compilation of financial statements. By engaging a competent global external service provider, companies can have the right and best talent at their disposal.

For one, companies will have direct access to a large pool of experienced and competent professionals with in-depth knowledge of complex accounting and tax regulations and compliance requirements. Global external service providers usually also have mandatory and regular learning and development programmes so that their staff are continually kept abreast of regulatory changes.

The other advantage is that external service providers usually have best practice processes and technologies in place. This provides assurance that there are robust quality review procedures to produce reports in an accurate and timely manner.

Companies with operations in multiple countries will also be able to tap on the external service provider’s global network to support business expansion. This network is valuable as the provider is able to fulfil less strategic functions across continents, giving companies the flexibility and scalability to redeploy resources to pursue global business opportunities.

Considerations

Cost is an important factor in deciding whether to outsource a function or recruit a full-time employee to perform that function. Apart from salary costs, companies also have to consider bonuses, training, office rental, investment in technology and other employee benefits.

Another important consideration is the ability of the external service provider to ensure continuity in its service delivery. For instance, deliverables should not be delayed because someone has taken ill. A good and competent service provider should have a large pool of resources where it can mobilise and re-deploy, if the need arises.

Ultimately, outsourcing frees up company time and resources and allows senior management to focus on strategic and commercial priorities. Energy can be devoted to pursuing business opportunities, other higher-value projects or important company initiatives.

While the benefits of outsourcing should outweigh the costs, a key concern is that companies may become too reliant on external service providers. Here, the strong support of senior management is critical. Senior management must be committed to the longer-term objective of outsourcing and convinces of its benefits. This must be articulated and communicated to all stakeholders.

To manage and maintain a fruitful and engaging outsourcing relationship, senior management must interact regularly and openly with the stakeholders and the external service provider. A service level agreement should be negotiated where the key performance indicators and expectations are discussed and agreed. Escalation protocols should be in place to resolve critical issues that arise within an agreed time frame.

Outsourcing is taking root around the globe. The reasons for outsourcing are compelling enough – it offers tighter focus on strategic priorities, enhanced governance and better control, as well as improved efficiency and reporting.

Before embarking on this route, senior management needs to evaluate the benefits and costs from both strategic and financial perspectives. Selecting a competent and responsible service partner committed to maintaining a long-term outsourcing relationship is then the next critical step. Are you ready to let someone else take that wheel?

Contact us

David Ong
ASEAN Corporate Services Leader, Global Compliance and Reporting
david.ong@sg.ey.com
Unlocking talent potential in SMEs

Samir Bedi discusses why SMEs need to have a talent management strategy

Success in business is all about people, people, people,” Richard Branson once said. Indeed, talent is the heartbeat of any organisation. For small and medium-sized enterprises (SMEs), attracting, retaining and bringing out the best in talent are essential to business growth.

Creating 70% of jobs in Singapore and contributing more than 50% of economic output, SMEs are the backbone of Singapore’s economy. But, hit by a manpower crunch and rising costs, SMEs are being forced to restructure in order to survive. It’s no accident that the government is giving this sector widespread attention.

In Budget 2015, numerous initiatives aimed at helping SMEs to internationalise and deepen their capabilities were announced, including the enhanced funding support for the Capability Development Grant (CDG). Aimed at helping SMEs build capabilities, the CDG helps to defray the qualifying costs of upgrading projects in various areas. One of these areas is human capital development.

Indeed, in an increasingly competitive environment, local players need to think and act bigger and bolder. Getting the people agenda right is pivotal.

People challenges faced by SMEs

The success of any organisation rests on having talented people with the vision, ambition and determination to drive the company forward. For SMEs, this is even more critical given that they are pitted against multinational companies (MNCs) in the war for talent.

The business drivers of SMEs are inextricably linked to the people challenges they face. Of all the barriers that can impede execution, talent by far carries the heaviest weight.

To be high-performing, SMEs need to be nimble and operationally agile. This means getting the right person at the right time at the right location and at the right cost to do the job. Not many SMEs have the talent management process locked down to get this right. SMEs need to explore the widest talent pools, while focusing on practical and tailored development to upgrade their people.

Another important business driver is cost competitiveness. Getting the balance of quality and quantity of resources for the right price can be tricky. SMEs may not have a good understanding of the internal and external supply and demand forces in getting talent, as well as having a grasp on the return on investment and productivity of talent.

Developing a talent strategy

Businesses spend time defining products, services, markets, customer acquisition and retention strategies but often neglect the enabler which brings it all together in an organisation: people. Indeed, for SMEs, the important factor that can help them gain that vital competitive edge is talent.

However, some SMEs may have no formal system or documented approach to train, develop and manage their workforce. They may also lack a well-developed performance and rewards system. This may leave employees with little or no guidance on potential career paths or leadership opportunities and what they need to do to get ahead.
How can SMEs initiate a talent strategy? For a start, they should ask themselves the following:

- What is the source of our talent? What skills do we need to hire?
- How can we be optimally structured to get the best for the organisation?
- What is our employee value proposition? Why should an employee work for us?
- What behaviours or competencies do we expect from our employees?
- What are the performance goals for the roles in the organisation? How will we reward the employees?
- How do we enhance the productivity of the organisation? How will we train and develop our people?
- How will we be flexible to manage employee needs?

The answers to these questions will form the basis of the SME’s talent strategy. By putting together a talent strategy, SMEs will be able to measure talent outcomes, just like business outcomes.

The following diagram illustrates a talent model that SMEs can use to enable execution of business strategy with effective talent management:

Capitalising on competitive advantages

Business in the 21st century is moving at a much-faster pace, with technological innovation rewriting every industry. Compared to MNCs, SMEs may not have financial muscle or large resources at their disposal. But they can leverage on their competitive advantages to embrace change and invest in talent management strategies.

Understanding the needs of their workforce

SMEs have a greater understanding of their workforce and can respond to individual needs without having to adopt a one-size-fits-all approach. While larger organisations may have to use tools such as engagement surveys to identify critical trends, SMEs can follow a more on-the-ground approach to gather information. This is only possible if channels of communication are constantly open.

Commitment from senior leadership

To engage employees effectively, it is critical to communicate organisational goals and available career opportunities clearly. SMEs are uniquely placed to thrive on this as employees have direct access to leaders who can share the goals of the organisation and showcase how each individual’s role enables the organisation to achieve those goals.

Delivering performance linked rewards

The rise of entrepreneurship is motivating individuals to seize opportunities offered by digital advances. SMEs can embrace this by creating ownership across a key group of employees through both short and long-term incentives. The alignment of rewards to performance will enable SMEs to compete effectively for talent in the marketplace. Here, overall compensation and benefit programmes need to be market competitive.

Focus on high performers

SMEs can identify future leaders early in their career and invest in them by helping them close any skill gaps. High performers could be given multiple opportunities including involvement in strategic projects, international assignments and mentorship programmes to develop their skills and network.

SMEs need to develop a strong employee value proposition to ensure the talent pipeline is healthy. Harnessing the full potential of their human capital – that intangible resource that binds the elements of the business together – is an integral part of their business strategy.
“By putting together a talent strategy, SMEs will be able to measure talent outcomes, just like business outcomes.”
For small and medium-sized enterprises (SMEs), gaining a foothold on the global stage is often seen as the epitome of success. Yet, dipping that first toe into international waters can be daunting. While opportunities are there for the taking, financial risks also abound in the form of set-up costs and a lack of familiarity in new markets.

To this end, the government has sent a clear message: it is here to help.

One of the ways in which the government offers assistance is through tax incentives to support internationalisation efforts by SMEs. Indeed, as the bedrock of the economy, SMEs have long been at the receiving end of generous tax incentives and other forms of support.

In Budget 2015, SMEs were “winners” once again, as targeted new schemes and enhancements to existing ones were unveiled to help them grow beyond Singapore’s shores.

To ensure that the schemes are effective in helping SMEs expand their international footprint, it is critical that qualifying conditions are not too onerous. Otherwise, the efficacy of the schemes may be undermined and deserving SMEs may not qualify for the schemes.

The International Growth Scheme

Introduced in Budget 2015, the International Growth Scheme (IGS) supports high-potential larger companies in their internationalisation efforts while anchoring their key functions in Singapore. Qualifying companies will enjoy a 10% concessional tax rate for up to five years on incremental income from qualifying activities such as headquarters functions.

Internationalisation efforts take time to bear fruit and losses in the initial years are not uncommon. Having the option of extending the five-year incentive period would be welcomed as this would give companies a longer runway to benefit from the scheme.

The types of income covered under the IGS have yet to be clarified. We hope that income under different business models will be catered for, such as sales, service fees, royalties and commissions.

In addition, revenue target conditions, if imposed, should not be too prescriptive. In this case, a graduated revenue threshold over the period concerned would better reflect commercial patterns.

Double Tax Deduction (DTD) for Internationalisation scheme

Under the existing DTD for Internationalisation scheme, businesses may claim a 200% tax deduction on qualifying spending on market expansion and investment development activities, subject to conditions. These expenses include airfare, hotel accommodation, meals, overseas transportation and salaries of Singaporeans or permanent residents posted as overseas trade office representatives.

It was announced in Budget 2015 that the DTD will be enhanced to cover salaries incurred for Singaporeans posted to new overseas entities. This will help to defray the costs of expanding overseas.

While the amount, capped at S$1m per entity per year with conditions, is generous, SMEs may not necessarily spend so much to send existing employees overseas.
Taking a step further, the scope of qualifying manpower expenses could also be widened to include expenses incurred on recruiting and relocating new employees who will be posted overseas. This may create more opportunities for Singaporeans to work overseas.

The definition of new overseas entities has not been clarified. It is hoped that this will include branches, entities wholly owned by Singapore companies as well as joint ventures. Widening this definition to include overseas entities incorporated or registered within a year prior to 23 February 2015 (Budget Day), rather than restricting it to “new” entities incorporated or registered on or after 23 February 2015 would be welcomed.

The Mergers and Acquisitions (M&A) scheme

The M&A scheme was introduced in 2010 to encourage Singapore-based companies to consider M&A as a strategy for growth and internationalisation. Several aspects of the scheme were tweaked in Budget 2015 to encourage these companies, particularly SMEs, to scale up through strategic acquisitions.

The extension of the M&A scheme for a further five years to 31 March 2020 will allow SMEs considering an acquisition strategy during this period to avail of the tax benefits.

From 1 April 2015, the tax allowance for acquisition costs is increased from 5% to 25% of the value of acquisition, capped at the same ceiling of S$5m per year. In addition, Singapore-based companies will be able to claim M&A benefits for acquisitions that result in at least 20% shareholding in the target company, down from the previous 50% threshold. These enhancements will benefit SMEs, which may not have the financial muscle to take large stakes in acquisitions.

Singapore-based companies need to take into account the new shareholding threshold when planning their acquisitions. For example, if a company plans to fully acquire a target in stages, it can consider acquiring 50% of the target in one year followed by the remaining 50% in a different year. Here, both stages of acquisition could qualify for the M&A allowance and the company may be able to enjoy almost double the amount of tax allowance if the entire acquisition is S$20m or less.

Biting the bait

Taking the leap abroad entails a long-term commitment. The finer details of the schemes discussed have yet to be announced*. As it takes time to sow the seeds of internationalisation, we hope the conditions will be tailored to help more SMEs qualify for the schemes.

Deputy Prime Minister and Minister for Finance Mr Tharman Shanmugaratnam has said that the government is “sparing no resources in helping our SMEs”. With no shortage of incentives to help SMEs internationalise, it’s up to SMEs to take the bait.

Contact us

Chai Wai Fook
Partner, Tax Services
wai-fook.chai@sg.ey.com

Chia Seng Chye
Partner, Tax Services
seng.chye.chia@sg.ey.com

*At the time of writing and publication, details of the schemes have yet to be announced

“With no shortage of incentives to help SMEs internationalise, it’s up to SMEs to take the bait.”
Over the past year, a rout in crude oil prices has plunged the oil and gas (O&G) industry into turmoil. After more than three years of record prices at US$100 per barrel, oil prices have plummeted by half, hitting below US$50 per barrel this year as supply outstrips demand. Despite this, the Organization of the Petroleum Exporting Countries (OPEC) is not cutting back on production to prop up prices.

The oil price fallout has shifted the dynamics of the industry from a “resource-scarce” to “resource-abundance” model. This means a low-price environment is no longer able to sustain rising exploration, development and production costs.

To survive, O&G players need to embrace a leaner, more efficient business model. Cost cutting is no longer a short-term exercise. Instead, long-term structural changes must be made — strategies must produce real value and sustainable cost management. To succeed in this new paradigm, O&G companies need to focus on the integral drivers to sustainable growth: operational excellence and innovation.

To rein in spending, the industry has slashed capital budgets and escalated layoffs this year. Indeed, an energy cost management survey conducted by EY across the Canadian energy industry in February 2015 revealed the primary levers companies are pulling are expense management, capital allocation and headcount reductions.

The collapsing oil prices have also spurred a wave of consolidations as companies with strong balance sheets seek to snap up assets of weaker rivals. With companies trading at significant discounts to book value, the decline in asset valuations has triggered increased merger and acquisition (M&A) activity across the value chain.

In Southeast Asia, slumping oil prices have dented the bottom line of national oil companies. As key industrial players in the region revise their capital budgets, billions of investments in oil and petrochemical projects may be scrapped or put on hold. The waning appetite for investments has made capital raising more challenging.

Singapore's role in the oil and gas industry

The O&G industry is a vital part of Singapore's economy. The nation's geographical advantage, technological capabilities, strong infrastructure and connectivity, political stability and skilled workforce have entrenched Singapore as Asia's leading oil trading hub and one of the world's top three exporting refining centres. Leading petrochemical companies use Singapore as a regional logistics hub and as a base to conduct marketing, sales and R&D activities.

Singapore's business-friendly tax framework has helped to foster the growth of the O&G sector — an attractive package of tax incentives has encouraged the set-up of refineries and facilitated energy and chemical trading here.

However, the recent battering of oil prices has affected valuations, operating costs and profitability. As regional and global developments take their toll, O&G players need to grasp the tax implications.

Tax considerations

Tax incentives and deductions

Many O&G trading companies in Singapore enjoy concessionary tax rates on qualifying trading income under the Global Trader Programme (GTP) administered by the International Enterprise Singapore (IE Singapore). This comes with strings attached – specific thresholds on physical turnover, local business spending and trading professional headcounts must be fulfilled. The tax incentive can be revoked or tax benefits clawed back if these conditions are not met. For Singapore companies that rely on the GTP status to trade with other GTP counterparties, withdrawal of the incentive could also affect the manner in which existing trading transactions are carried out.
“The recent battering of oil prices has affected valuations, operating costs and profitability. As regional and global developments take their toll, O&G players need to grasp the tax implications.”
Trading turnover has suffered a setback, given the recent oil price collapse. This, coupled with cost cutting measures and headcount reduction, means that GTP companies may have to evaluate their business plan projections and engage IE Singapore on a timely basis to review and renegotiate the incentive conditions.

Given the challenging market conditions, many industry players are also under pressure to account for valuation loss on existing inventory. Whether the loss is tax deductible in the year of provision depends on the circumstance and basis and needs to be supported with relevant evidence.

**Financing**

In light of the current climate, O&G companies are seeking to raise capital through equity and loans, including the refinancing of existing loans. Here, possible tax costs need to be considered carefully.

In debt financing, interest expenses are generally tax deductible, if they are incurred on loans used for trade purposes. On the other hand, interest expenses on refinanced loans are not deductible unless there are genuine commercial reasons for the refinancing. Companies may also incur other borrowing costs, such as commitment fees, front-end and back-end services fees. Borrowing costs are generally not deductible unless they fall within a prescribed list. While this list has been expanded in 2014, certain costs such as commitment fees and services fees remain excluded.

Some O&G companies also use trade receivables discount as a form of short-term borrowing. This practice may intensify due to cashflow pressures, but the tax implications of such arrangements need to be considered.

Given the current despondent market conditions for the O&G industry, O&G companies need to evaluate the tax implications of various financing alternatives and weigh the benefits and costs of each option. Failure to do so could lead to a heavier financial burden.

**Corporate restructuring**

Corporate restructuring is likely on the agenda for many O&G players as industry sentiment weakens. Tax issues need to be taken into account in these restructuring exercises.

For example, a consolidation of businesses through the acquisition or sale of assets or shares involves different sets of tax implications. This includes the tax deductibility of financing costs, tax treatment on the assets transferred, indirect taxes and stamp duty implications.

Transaction costs associated with restructurings are generally not deductible. However, the Mergers and Acquisitions (M&A) Scheme offers a deduction for certain transaction costs for qualifying share acquisitions. The scheme also grants acquiring companies an allowance of up to S$5m on qualifying share acquisitions made during the relevant basis period, helping to defray part of the restructuring costs. Companies will need to analyse the conditions and assess their eligibility for the scheme.

Given the unfavourable market conditions, many companies may also have significant unabsorbed capital allowances and tax losses. These cannot be transferred and will be forgone if the existing company is liquidated. Unabsorbed capital allowances and tax losses will be forfeited if there is a substantial change in ultimate shareholding unless a waiver is granted by the Inland Revenue Authority of Singapore on a case-by-case basis upon application.

Depending on how these restructuring exercises are carried out, the nature and complexity of the tax issues may differ. Failure to address these tax issues could lead to adverse tax consequences during the restructuring process, during the operational phase or when structures are unwound in the future.

**Opportunities remain**

Declining asset prices could lower the barriers to exit in certain jurisdictions. It would thus be opportune for O&G companies to review their group holding structure, including whether operating companies should be held under a regional holding company.

With several thriving O&G exploration and production projects in the region, such as in Vietnam and Myanmar, Singapore can still capitalise on its position as a preferred location for regional holding companies given its close proximity to these projects. Singapore’s favourable tax regime – which includes tax exemption on foreign-sourced dividend income, an extensive treaty network and zero capital gains tax – is a huge plus point.

The O&G sector is ripe for consolidation. As industry players respond to external challenges, whether through short-term budget cuts and headcount reductions, or long-term retuning of strategy such as changes to portfolio and capital structures, tax issues will need to be carefully considered.
The credibility of the Indian economy has been re-established. The world is predicting that it is India’s chance to fly,” said Mr. Arun Jaitley, Finance Minister of India as he presented India’s Union Budget 2015-16 earlier this year.

He succinctly communicated that his proposals would lay down the roadmap for accelerating growth, enhancing investment and passing on the benefit of the growth process to the common man, woman, youth and child: those whose quality of life needs to be improved.

Whether the India Budget gave foreign investors, including those based in Singapore, much to really cheer about is something to be proven in the longer term. But for now, there are several announcements that have moved the needle towards greater certainty for investors.

Deferment of General Anti-Avoidance Regulations (GAAR)

GAAR, potentially one of the strictest regulations in India, in its refined format was proposed to be effective 1 April 2015 to challenge tax avoidance arrangements.

In this year’s budget, GAAR has again been deferred for two years and will only come into effect on 1 April 2017. Most importantly, all investments made up to 31 March, 2017 will be grandfathered, i.e., these transactions would not be challenged by the Indian revenue authorities under GAAR. This level of certainty is clearly good news for the investor community. It appears that wisdom prevailed and rightly so.

Non-applicability of Minimum Alternate Tax (MAT)

The Minimum Alternate Tax (MAT) was introduced in India to address the issue of “zero tax companies” i.e., companies that despite having huge book profits and possibly large dividend payouts, were not paying any income tax in India. Despite this intent, there was a lack of clarity on whether MAT would also be applicable on foreign companies and investors. This had led to various challenges by the Indian revenue authorities including, very recently, issuance of notices especially to Foreign Institutional Investors (FIIs).

Mr. Jaitley, during the budget, clarified for FIIs that capital gains earned will be excluded for the purposes of calculation of MAT, effective 1 April 2015. What about the applicability of MAT on “capital gains” earned by FIIs on such income in the past prior to 1 April 2015, as well as on all other past and future incomes such as interest income earned by FIIs?

While the above clarification addressed the ongoing controversy on the applicability of MAT on capital gains earned by FIIs, this has however now snowballed into a larger issue for foreign companies and investors. Does this clarification mean that MAT would now also be applicable on investors other than FIIs for the past as well as prospectively? And for that matter, what would be the case for an investor who is claiming treaty protection where India has given up its rights to tax the gains?

An example of how this would have impacted a Singaporean investor could be that prior to this clarification in the Budget, sale of Indian shares by a Singapore entity would not be taxable in India assuming eligible for reliefs under the India-Singapore Avoidance of Double Taxation Agreement (DTA). Following this clarification, even if these capital gains are not taxable in India on account of the DTA, would the Indian revenue authorities seek to assert an MAT liability? A technical position could be taken that where treaty provisions are more beneficial, the treaty provisions should prevail and hence this benefit of the treaty should be available, irrespective of MAT provisions. Taking into account this technical position regarding treaty provisions, the Indian government during an interaction with investors recently clarified that MAT would not be levied on FIIs and funds that have invested through countries such as Singapore and Mauritius with which India has a DTA.
Despite the above being a positive move, how about investors from countries such as US, UK and others where the DTA exists but capital gains protection is not available? And how about the MAT applicability on “other income” such as interest for investors from all the countries?

Once again considering the uncertainty and significant representations made by various investor groups, during the recent debate in the Lower House of Parliament, it has now been proposed, that effective 1 April 2016 foreign companies will be excluded from the purview of MAT on specified income; and expenses in relation thereto would also be excluded in MAT computation. Specified income has been defined to include capital gains (both short term & long term) on “securities”; as well as interest, royalty and fees for technical services that have been credited to the profit and loss (P&L) account and tax payable on such gains or income under the normal provisions is less than the MAT rate of 18.5%.

According to a news report published on 4 April 2015 on MoneyControl.com, there have been “surprise attempts by tax inspectors to claw back money that they say is owed on years of previously untaxed gains”, resulting in US and European investor groups asking the regulators for clarification of its tax regime for foreigners. A writ petition has been filed at the Mumbai High Court by certain foreign companies against this matter.

Finally, now a committee is being set-up to look into the issue of MAT applicability on foreign companies; and in an extremely positive move CBDT (the apex tax body in India) has issued a communication dated 11 May 2015 directing that no coercive action should be undertaken for recovery of demand already raised by invoking MAT provisions against foreign companies (exception in case of time barring audits).

The stand of the Government on the above (i.e., past cases) is that these would be concluded basis the outcome of the judicial process (i.e., decision on the case pending in the Supreme Court).

While the above has certainly cleared lot of air and given certain degree of certainty, additional clarifications are necessary to avoid any protracted litigation in future.

Indirect transfer taxation

This was one of the most significant amendments in the 2012 Budget, resulting in clarification of a law that dates back to 1961. Simply put, any capital gains arising overseas from the transfer of a foreign entity whose value is substantially derived directly or indirectly from assets located in India would be taxable in India. Various stakeholders have raised concerns and made detailed representations on the scope and impact of these provisions.

The current Budget has given relief to foreign investors by providing that such transactions would be taxable in India if the value of the Indian assets exceed INR100m ($2m) and represent at least 50% of all assets owned by the foreign company. Singapore investors, though protected under the treaty for both direct and indirect transfers (subject to conditions) have also applauded this clarification, as it provides further certainty of doing business and transactions in India.

Taxation of offshore funds

To attract and facilitate the location of offshore fund managers in India, a specific regime in line with international best practices has been proposed by Mr. Jaitley. Under the said regime, the mere presence of fund managers in India will not result in offshore funds being treated as resident in India or having business connections in India. In addition, income from offshore investments will not be taxed in India merely because the fund manager is based in the country.

This clarity presents a great opportunity for fund managers, including those in Singapore, to look at setting up base in India and evaluate investments while on ground in the country. Having said that, there still exist certain issues with the proposed regulations. Hopefully, the Government takes note and addresses them in the near future for this regime to work effectively and bring its desired benefits.

Looking at Mr. Jaitley’s first full Budget after taking office in the Government, the Minister and his team have done a great job in presenting a growth-oriented, forward-looking Budget with much to offer. That said, the overall impact of these changes will need to be evaluated over the next few years.

Certainty, clarity and consistency are necessities in tax laws, and India seems to be cautiously but steadily moving in that direction.
“Certainty, clarity and consistency are necessities in tax laws, and India seems to be cautiously but steadily moving in that direction.”
Elsewhere outside Singapore

Korea embarks on tax reform

Chester Wee and Cho Hyun-Mi discuss tax reform measures in South Korea in the wake of BEPS developments

Tax reform is sweeping countries around the globe. Countries have gone into overdrive as they plug loopholes to prevent multinational companies (MNCs) from engaging in tax arbitrage to reduce their tax bills.

The Organisation for Economic Co-operation and Development (OECD) is spearheading the global campaign to overhaul the international tax architecture. The success of its 15-point Action Plan against Base Erosion and Profit Shifting (BEPS) – an ambitious blueprint with detailed recommendations to tackle tax avoidance by MNCs – lies in a concerted multilateral effort to harmonise tax treatment.

The OECD is slated to release its final recommendations by the end of the year. But even before then, several countries have sprung into action, taking unilateral action to amend tax laws or introduce tax reforms. Some are bowing to mounting political pressure and intense media scrutiny to make model tax citizens of MNCs operating in their country.

In the region, Australia will implement changes to its general anti-avoidance rule from 1 January 2016, while Japan will impose a consumption tax on cross-border digital services from 1 October 2015. Meanwhile, Singapore has already issued revised transfer pricing guidelines in January this year.

South Korea has also embarked on a series of tax reforms in response to the OECD’s various BEPS Actions. We take a deeper dive into some of these developments here.

BEPS Action 1 – Tax challenges of the digital economy

The OECD’s BEPS Action 1 aims to address the gaps in tax systems that have enabled businesses operating in the digital sphere to side-step paying taxes. One of these is the need to have a more coherent mechanism to collect value-added tax (VAT) or goods and services tax (GST) on digital transactions.

In December 2014, the OECD released a discussion draft on the International VAT/GST Guidelines, focusing on the place of taxation for business-to-consumer transactions. The discussion draft recommends requirements for registration and remittance of indirect taxes by non-resident or foreign suppliers in the country of consumption.

Following the recommendation, South Korea’s Ministry of Strategy and Finance included in its 2015 tax reform proposals that software applications downloadable from remote app stores outside South Korea will be subject to a 10% VAT. This indirect tax change was enacted into law on 23 December 2014 and is effective for transactions made on or after 1 July 2015. It applies to the supply of electronic services which includes game, voice, multimedia files or software provided through a mobile phone or computer (including real-time streaming services) using information communication lines.

Non-resident app developers and foreign companies will be required to register their business online with the National Tax Service (NTS) to facilitate future VAT payments. This is intended to level the playing field between domestic and remote suppliers of electronic services.
“South Korea has also embarked on a series of tax reforms in response to the OECD’s various BEPS Actions.”

As such, companies providing electronic services to customers in South Korea will now need to review the obligation to register with the NTS for VAT and ensure processes are in place to collect and remit the VAT payments.

**BEPS Action 4 – Limiting interest deductibility**

The BEPS Action 4 aims to limit base erosion through interest deductions and other similar deductible payments. Traditionally, many countries have adopted a thin capitalisation approach – establishing how much interest paid on debt can be tax deductible – to limit excessive interest deductions. In recent years, countries have been tightening those rules by reducing the allowable debt-to-equity ratio and broadening the scope of the rules.

As part of the BEPS Action 4 report, the OECD issued a discussion draft on interest deductions and other financial payments in December 2014. A public consultation was held on 17 February 2015 and a revised discussion draft is expected to be released for further comments before the issuance of the final report being by the end of the year. However, Korea has already gone ahead to adopt steps to limit interest deductibility.

In December 2014, the Ministry of Strategy and Finance reduced the debt-to-equity ratio from 3:1 to 2:1. This change became effective for fiscal years beginning on or after 1 January 2015. However, the debt-to-equity ratio applicable to financial institutions remains unchanged at 6:1.

If a Korean company borrows from its foreign controlling shareholders or a third party (but guaranteed by the foreign controlling shareholders) at an amount more than twice its equity (six times in the case of financial institutions), the interest attributable to the excess portion of the borrowings will be re-characterised as dividends and treated as non-deductible for corporate tax purposes.

The withholding tax rate on dividends, instead of that on interest, should apply on the re-characterised portion. On the other hand, disallowed interest payments on the excessive debt amount to a third party (i.e., loan borrowed from banks with the guarantee from the foreign controlling shareholder) would not be subject to re-characterisation to dividends for Korean withholding tax purposes.

This change could significantly impact the cost of existing financing arrangements. It may increase the amount of disallowed interest without a corresponding reduction in withholding tax costs. Companies with existing loan arrangements with Korean related companies should review existing financing arrangements and consider alternative options.
**BEPS Action 6 – Preventing treaty abuse**

In 2014, the OECD issued a report on BEPS Action 6, prescribing a minimum standard for protection against the inappropriate granting of treaty benefits. The report recommended including (in tax treaties) both a US-style limitation on benefits provision and a UK-style general anti-abuse rule in the form of a principal purpose test provision – but allowing flexibility to use one provision or the other.

South Korea is already way ahead in addressing potential treaty shopping and other potential treaty abuses. In December 2011, the South Korean government introduced the provision on documentation requirement for foreign investors to claim treaty benefits. If a non-resident company wishes to benefit from the tax exemption on Korean-sourced income granted under the relevant tax treaties, the non-resident company should submit the “application for tax-exemption on non-resident’s Korean source income” with the certificate of residence and other supporting documents to the withholding agent. The withholding agent should submit these documents to the relevant tax office by the ninth day of the month following the month of payment of the income.

Effective for payments made on or after 1 July 2012, this documentation requirement has been extended to offshore investment vehicles claiming benefit from reduced tax treaty rates. Prior to the revision, this requirement was only imposed on foreign investors claiming a full exemption for Korean-sourced income under a given tax treaty.

These changes create uncertainty in securing treaty benefits, in addition to a heavier compliance burden to meet substance requirements and a longer treaty clearance process.

The NTS is likely to continue its scrutiny on treaty shopping and other potential treaty abuses. Companies availing of treaty benefits should review their existing arrangements to assess whether the existing treaty benefit claims are sustainable.

**BEPS Action 12 – Mandatory disclosure rules**

The 2015 tax reform proposal revises the minimum information reporting criteria for cross-border transactions.

For aggregate values of all international services, the threshold is increased to KRW1b (approximately USD1m) from the current KRW500m. For each foreign related party service, the threshold is raised to KRW200m (from KRW100m).

This amendment is intended to ease administrative burdens on corporations that have relatively small volumes of cross-border transactions. The revision is effective for tax years beginning on or after 1 January 2015.

**Other tax changes**

South Korea’s 2015 tax reform proposal extends the statute of limitation period on tax evasion involving cross-border transactions from the current 10 years to 15 years. This is effective for tax years beginning on or after 1 January 2015.

Separately, a new penalty for non-filers or underreporting of income derived from cross-border transactions has been introduced. The new penalty rate is 60% of the amount of tax evaded and is effective for tax years beginning on or after 1 January 2015.

Companies should evaluate how the 2015 tax reform proposal may impact them and stay informed about future BEPS developments.

**Conclusion**

South Korea is one of several countries which have taken actions in addressing BEPS, even before the OECD has released its final recommendations. Perhaps it is inevitable that pressure for early action would build up given that the BEPS project has cast the spotlight on base erosion issues.

While this could be taken as a proactive approach, unilateral actions by countries could neutralise the aim of the BEPS project, which is to put in place a universal set of guidelines and synchronise efforts in tackling BEPS. More than ever, taxpayers need to keep abreast of both domestic and international tax developments.
Setting the stage for tax policy change

In conversation with Chung-Sim Siew Moon, she discusses the factors shaping the outlook for tax policy

Why was 2014 a significant year for taxation and how has it set the tone for 2015?

2014 was a momentous year for tax reform as discussions on the Organisation for Economic Co-operation and Development’s (OECD’s) Base Erosion and Profit Shifting project, also known as BEPS, intensified.

Last year, the OECD and key countries drilled down into the details of seven of the BEPS Action Plans. Consensus was hard to come by. Only two BEPS reports were finalised: Action 1 on the digital economy and Action 15 on the development of a multilateral instrument. With a number of issues still to be ironed out, the rest of the reports were carried over for continued work in 2015.

The momentum of the BEPS project has galvanised some governments into undertaking unilateral tax reform activities, even though not all the final BEPS recommendations have been released.

In 2014, countries such as China, India, New Zealand, Russia and Spain introduced “BEPS-inspired” amendments to controlled foreign company (CFC) rules. Other countries have adopted novel approaches in tackling base erosion, such as the UK’s introduction of the Diverted Profits Tax to capture tax revenue on part of multinational companies’ offshore profits.

In terms of enforcement, we have also seen taxpayers’ affairs coming under greater scrutiny. Of the largest companies surveyed in EY’s 2014 Tax risk and controversy survey, 68% felt tax audits have become more aggressive in the last two years.

The quest for tax transparency was evident in 2014. BEPS Action 13 will make country-by-country reporting a reality by compelling companies to submit transfer pricing master and local files. The publication of the OECD’s Common Reporting Standard in July 2014 also sets the motion for a global automatic exchange of taxpayer information model by 2017. These will help tax administrators root out taxpayers with undeclared offshore assets.

Tax administrations have also been keen to forge closer collaboration. For example, the Joint International Tax Shelter Information and Collaboration Network, or JITSIC for short, was created in 2014 to facilitate enhanced cooperation to combat cross-border tax avoidance.

The BEPS project has presided over an unprecedented change in the cross-border tax landscape over the past year. This momentum will be carried on this year and through the next as the rest of the OECD’s BEPS Action points conclude and final recommendations are released.

These changes will herald a new era of challenges for the tax function. Interesting times are in store.
What are some of the key tax trends for 2015 identified in the EY The outlook for global tax policy 2015 report?

The report surveys our EY tax policy leaders in jurisdictions in the Americas, Europe and Asia-Pacific for their forecasts on the tax policy outlook for 2015 in their jurisdiction. The results provide valuable insights into the overall direction of tax policies around the world.

A significant finding is the striking national policy shift, with 40% of respondents citing “significant” tax reform activity, even as the final BEPS recommendations have yet to be released.

The low-rate, broad-based business tax trend continues to be sustained. Seven of the 32 countries surveyed or 22% have announced reductions in corporate income tax for 2015 or are expected to do so this year. However, nearly a third of respondents, at 31%, expect the overall corporate income tax burden in their countries to increase in 2015. This supports OECD data that show total tax revenues are rising throughout the world.

Interestingly, 11 out of 32 countries cited tackling hybrid mismatches through new or modified legislation as a key area where the corporate income tax burden has increased. This issue was not cited in our 2014 publication. The results reflect the influence of the global BEPS drive, even in the absence of final OECD recommendations.

With further BEPS developments expected to come to fruition this year, including the announcement of Action 12 which requires taxpayers to disclose aggressive tax planning agreements, the trend for taxpayer scrutiny remains high. Ten countries expect increases in tax enforcement measures in 2015.

Transfer pricing remains a key focus for many countries. Nine of the 32 countries, or 32%, predict a rising tax burden in 2015 in this regard, up from 18% the previous year. This is in alignment with the results of our separate EY 2014 Tax risk and controversy survey where respondents cited transfer pricing as a leading source of tax risk.

Tax reform will remain a key theme for 2015 and beyond.

What has Singapore's reaction been, with regards to BEPS?

The Singapore government constantly reviews and updates tax rules and policy in line with changes in global tax rules.

Singapore has adopted a proactive stance. It has taken steps to strengthen its framework for international cooperation to combat cross-border tax offences, and increase the number of exchange of information (EOI) sharing agreements before the BEPS Action Plan was released. This is important to maintain Singapore as an attractive location for investments and doing business.

Singapore has also participated actively in discussions in the international tax arena including at the OECD and G20 meetings to provide input and share its perspectives. It has indicated its support for globally coordinated efforts to revise the international tax system to promote continued cross-border trade and global economic growth.

What are the key drivers for Singapore’s tax policy going forward?

Singapore's tax policies have revolved around developing a fair and progressive fiscal system.

At a broad level, the government has continually finetuned Singapore’s tax policies or even introduced new initiatives when the need arises to ensure that Singapore's economy remains relevant and competitive in today's global environment.

There has been a concerted push to restructure the economy to raise productivity. Singapore's tax policy will remain driven by efforts to encourage businesses to upgrade or restructure to improve productivity, raise the skills of the workforce, promote innovation and achieve quality growth. The ultimate aim is to ensure that businesses can adapt, grow and compete internationally.

Given the ageing population and widening income gap, there has been a need to promote an inclusive society. The focus will be on keeping quality healthcare affordable and helping low-income Singaporeans with the cost of living.

What is the outlook for BEPS in 2015 and beyond?

This year, we can expect the OECD and key countries to take a deeper dive into the technical details of the outstanding Action Plans. We can expect to see clarifications surrounding Action 5 on harmful tax practices and the connections between the different Action points relating to transfer pricing.

The difficulty with transfer pricing is you cannot look at one Action point in isolation – all of the related Action points need to be looked at in the context of one another. The country-by-country reporting requirement has major ramifications. It is a huge compliance undertaking. The on-request exchange of information will give tax administrations an unprecedented access to data which will allow them to gain insights into the various structures of multinational companies.
Action 12 on the disclosure of aggressive tax planning arrangements is part of the global movement towards greater tax transparency. When it comes to fruition, tax administrations will have the “micro” information to the new “macro data” that is now becoming available to them.

Many of the actions that are currently being debated this year could ultimately require significant updates to national legislation, such as controlled foreign corporation (CFC) legislation. It will be challenging to get consensus on such actions. The concept of permanent establishment (PE) is another area of contention where it could be difficult to get agreement.

The ultimate goal will be to have the finalised reports – both recommendations and implementation guidance – on all the 15 Action points by the end of 2015.

Lastly, what should companies then do in the wake of this new post-BEPS era?

Businesses need to monitor and access future tax policy shifts. They need to develop robust processes and channels to stay up-to-date with legislation and the tax policy environment.

Identifying the policy drivers, trends and impact as early as possible will provide a clearer picture of the direction of the tax agenda and help to achieve certainty, while mitigating tax risk.

Contact us
Chung-Sim Siew Moon
Partner and Head of Tax
siew-moon.sim@sg.ey.com
At a glance

Inland Revenue Authority of Singapore (IRAS) e-Tax guides issued or revised from 1 January 2015 to 31 May 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 May 2015</td>
<td>IRAS’ Voluntary disclosure programme (sixth edition)</td>
</tr>
<tr>
<td>17 March 2015</td>
<td>Compliance requirements of the Singapore-US Intergovernmental Agreement on Foreign Account Tax Compliance Act</td>
</tr>
<tr>
<td>16 March 2015</td>
<td>Income tax implications arising from the adoption of FRS 39 - financial instruments: recognition &amp; measurement</td>
</tr>
<tr>
<td>22 January 2015</td>
<td>Research and development tax measures (fourth edition)</td>
</tr>
<tr>
<td>6 January 2015</td>
<td>Transfer pricing guidelines (second edition)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 May 2015</td>
<td>GST: Fringe benefits</td>
</tr>
<tr>
<td>8 April 2015</td>
<td>Record keeping guide for GST-registered businesses (fourth edition)</td>
</tr>
<tr>
<td>8 April 2015</td>
<td>Record keeping guide for non-GST registered businesses (third edition)</td>
</tr>
<tr>
<td>1 April 2015</td>
<td>GST: do I need to register? (second edition)</td>
</tr>
<tr>
<td>1 April 2015</td>
<td>GST: general guide for businesses (second edition)</td>
</tr>
<tr>
<td>1 April 2015</td>
<td>GST guide on specialised warehouse scheme and zero-rating of supplies (second edition)</td>
</tr>
<tr>
<td>1 April 2015</td>
<td>GST: guide for motor vehicle traders</td>
</tr>
<tr>
<td>1 April 2015</td>
<td>GST: guide on exemption of investment precious metals (IPM) (fourth edition)</td>
</tr>
<tr>
<td>31 March 2015</td>
<td>GST: the electronic tourist refund scheme (eTRS) (fourth edition)</td>
</tr>
<tr>
<td>31 March 2015</td>
<td>GST: concession for REITS and qualifying registered business trusts listed in Singapore (second edition)</td>
</tr>
<tr>
<td>26 March 2015</td>
<td>GST: guide for charities and non-profit organisations (second edition)</td>
</tr>
<tr>
<td>18 March 2015</td>
<td>GST: guide for the fund management industry (second edition)</td>
</tr>
</tbody>
</table>
### Goods and Services Tax (GST)

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 March 2015</td>
<td>GST: guide for retailers (second edition)</td>
</tr>
<tr>
<td>11 March 2015</td>
<td>GST guide for e-commerce (second edition)</td>
</tr>
<tr>
<td>11 March 2015</td>
<td>GST guide for the hotel industry (second edition)</td>
</tr>
<tr>
<td>3 March 2015</td>
<td>GST: transfer of business as a going concern and other excluded transactions</td>
</tr>
<tr>
<td>9 February 2015</td>
<td>GST guide for retailers participating in tourist refund scheme (fourth edition)</td>
</tr>
<tr>
<td>9 February 2015</td>
<td>GST guide for the market participants in the National Electricity Market of Singapore (NEMS)</td>
</tr>
<tr>
<td>6 February 2015</td>
<td>GST: construction industry (second edition)</td>
</tr>
<tr>
<td>6 February 2015</td>
<td>GST: guide for property owners and property holding companies</td>
</tr>
<tr>
<td>6 February 2015</td>
<td>GST: guide for property developer</td>
</tr>
</tbody>
</table>

### Monetary Authority of Singapore (MAS) circulars issued from 1 January 2015 to 31 May 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 May 2015</td>
<td>Extension of the enhanced-tier fund tax incentive scheme</td>
</tr>
<tr>
<td>15 May 2015</td>
<td>Tax incentive scheme for insurance business development</td>
</tr>
<tr>
<td>7 May 2015</td>
<td>Extension of and enhancement to tax concessions for listed real estate investment trusts (REITS)</td>
</tr>
<tr>
<td>24 March 2015</td>
<td>Clarification of belonging status of funds and additional Goods and Services Tax (GST) remissions on services supplied to qualifying funds</td>
</tr>
</tbody>
</table>

### Agreements for Avoidance of Double Taxation (DTAs) signed or ratified from 1 January 2015 to 31 May 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 January 2015</td>
<td>Singapore - Uruguay</td>
</tr>
<tr>
<td>15 January 2015</td>
<td>Singapore - France (revised DTA)</td>
</tr>
</tbody>
</table>
Our tax professionals in Singapore provide you with deep technical knowledge, both globally and locally, combined with practical, commercial and industry experience. We draw on our global insights and perspectives to build proactive, truly integrated direct and indirect tax strategies that help you build sustainable growth, in Singapore and wherever else you are in the world.

**Business Tax Services**

**Tax Policy and Controversy**
Our global tax policy network has extensive experience helping develop policy initiatives, both as external advisors to governments and companies, and as advisors inside government. Our dedicated tax policy professionals and business modelers can help address your specific business environment and improve the chance of a successful outcome.

Our global tax controversy network helps you address your global tax controversy, enforcement and disclosure needs. We focus on pre-filing controversy management to help you properly and consistently file your returns and prepare the relevant back-up documentation. We leverage the network's collective knowledge of how tax authorities operate, and increasingly work together to help resolve difficult or sensitive tax disputes.

**Tax Performance Advisory**
Our Tax Performance Advisory practice focuses on helping your tax function enhance performance. We help you build strong compliance and reporting foundations, effective risk management protocols and a high performing tax function. We have experience delivering projects to companies of all sizes across all aspects of the tax life cycle: planning, provision, compliance and controversy. Our holistic approach allows us to speak the same language as your tax, finance, information technology and business professionals, which is necessary to drive enhanced tax function performance across the enterprise.

**Quantitative Services**
Our Quantitative Services network assists you with analysing tax opportunities, based on project parameters for our clients, provide suggestions to avail of incentive opportunities, strategise the approach for discussions with the authorities, facilitate meetings with the authorities and our clients, assist in applications for relevant incentives, and assist in the process design for incentive maintenance, tracking and reporting obligations. We also conduct regional incentive studies where we provide cross-country comparisons of potential incentives for site location. We also assist technical personnel to assess the potential qualifying R&D projects, work with your finance and tax teams to identify qualifying R&D expenditure, prepare or review the R&D plans for submission to tax authorities, and assist you with queries raised by the authorities surrounding the claims.

**Private Client Services**
Our Private Client Services practice offers tax-related domestic and cross-border planning and compliance assistance to business-connected individuals and their associated entities. With dedicated resources in major markets around the world we assist individual clients needing a wide range of tax services including tax compliance, tax planning, and tax advice relating to their business interests, investments and other financial-related assets. Our approach provides professionally prepared returns, related calculations and advice, as well as integrated tax planning.

**Business Tax Advisory**
Our Business Tax Advisory professionals draw on their diverse skills and experience to deliver advice tailored to your business, from planning through to helping with implementation, reporting and maintaining effective relationships with the tax authorities. We bring a deep understanding of critical tax issues and key sectors. We can help you reduce inefficiencies, mitigate risk and make the most of opportunities, building sustainable tax strategies that can help your business succeed.

**Global Compliance and Reporting**
Our Global Compliance and Reporting (GCR) practice can help you meet your reporting requirements wherever you do business. GCR comprises the key elements of a company’s finance and tax processes used to prepare statutory financial and tax filings in countries around the world. These include:

- Statutory accounting and reporting
- Book-keeping and accounting support
- Corporate secretarial
- Tax accounting and provisions
- Tax compliance filing

**Business Tax Compliance**
Our market-leading approach to tax compliance combines a standard global compliance process and web-based tools to give you and your team the visibility and control you need to manage your tax compliance function effectively. You can access the resources of our dedicated compliance and reporting professionals in one country or globally with a single point of contact.

**Tax Accounting**
To help you respond to today’s increasing demands for transparency, we provide assistance in these areas:

- Supporting quarterly and annual tax provision calculations
- Preparing and/or review of deferred tax provisions under US GAAP and IFRS
- Provision-to-return analyses
- Training and advising on tax accounting principles and tax accounting implications of new accounting standards
- Assisting in evaluating and/or review of uncertain tax provisions under US GAAP and IFRS

**Corporate Services**
Our Corporate Services team supports your business in the following areas: entity formation and company secretarial matters, the preparation of management and statutory financial statements, monthly book-keeping and payroll outsourcing. We work with all stakeholders to help you meet deadlines and comply with statutory requirements.

**Company secretariat**
We help our clients and their officers comply with the Singapore Companies Act requirements principally and other relevant regulations from a company secretarial perspective. In addition to compliance matters, we are often involved in corporate structuring work such as share capital reduction and share buy-back initiatives.

**Accounting**
From day-to-day to complex transactions, our accounting professionals assist to facilitate that the transactions are recorded accurately, timely and in accordance with applicable accounting standards. We are also familiar with all aspects of the accounting function like management reporting, debtors/creditors control and XBRL conversion.

**Payroll**
Together with our Human Capital and Accounting professionals, we provide comprehensive and holistic payroll outsourcing services. We assist to facilitate that your employee payrolls are computed in accordance with the Singapore Employment Act and with the Ministry of Manpower regulations.
Financial Services Tax

Our Financial Services Tax team is dedicated to delivering value to our clients in the financial services industry who are facing a constantly evolving tax landscape. Whether you are in Banking and Capital Markets, Asset Management, or the Insurance sector, we will be able to assist you in issues including managing your direct and indirect tax obligations and tax risks, navigating the complex tax rules across jurisdictions, pursuing tax incentives or concessions, dealing with transfer pricing issues, handling tax authority queries, assessing your tax provisions, and analysing your uncertain tax positions.

We can also advise you on the tax implications of new financial products or transactions, and assist in applying for Revenue rulings where applicable. We can advise on the structuring of your new businesses and new funds, or on the review of such structures in an internal reorganisation or in the event of mergers or acquisitions, from the tax perspective.

Human Capital

Our Human Capital services offer a “total picture” perspective, integrating global mobility and talent and reward. Through our comprehensive approach, we can help you make the most of your investment in your people.

Our Mobility services help our clients manage the complex compliance, reporting and risks inherent in deploying a globally mobile workforce. We offer a suite of mobility services that can help make your global mobility program more strategic, including: global mobility tax and advisory, global immigration, assignment services, international social security and business traveller services.

Our Talent and Reward services help clients address the range of issues that are associated with reward strategies, talent programs and maintaining workforce effectiveness. To reach its potential, an organisation must continuously improve its performance – and sustain that improvement. We can help clients optimise these particular business areas.

Indirect Tax

Global Trade

Our network of Global Trade professionals help you to operate more effectively in moving goods around the world. We develop and implement strategies to help you to manage duty costs by utilising free trade agreements, special programs, and transactional structuring. We can help you proactively manage the risks of global trade, improve your international trade compliance and increase the operational effectiveness of your supply chains.

Our core offerings include strategic planning to manage customs and excise duties; trade compliance reviews for imports and exports; internal controls and process improvement; and participation in customs supply chain security programs.

GST Services

Our network of dedicated Indirect Tax professionals can advise on the GST treatment of transactions and supplies and help resolve classification or other disputes and issues with the authorities. We provide assistance in identifying risk areas and sustainable planning opportunities for indirect taxes throughout the tax lifecycle, helping you meet your compliance obligations and your business goals around the world.

We provide you with effective processes to help improve your day-to-day reporting for indirect tax, reducing attribution errors, reducing costs and ensuring indirect taxes are handled correctly. We can support full or partial GST compliance outsourcing, identify the right partial exemption method and review accounting systems.

International Tax Services

International Tax

Our dedicated International Tax professionals assist our clients with their cross-border tax structuring, planning, reporting and risk management. We can help you build proactive and integrated global tax strategies that address the tax risks of today's business and achieve sustainable growth.

Global Tax Desk

Our market-leading Global Tax Desk network – a co-located team of highly experienced professionals from multiple countries – is located strategically in major business centers so that our desks can respond to your challenges immediately and cost-effectively, avoiding time zone barriers and the high price of international travel. The desks work as a team – tackling the same problem from all sides – thoughtfully identifying considerations with your cross-border transaction. We work with you to help manage global operational changes and transactions, capitalisation and repatriation issues, transfer pricing and your supply chain – from forward planning, through reporting, to maintaining effective relationships with tax authorities.

Transfer Pricing

Our Transfer Pricing professionals help you build, manage, document, review and defend your transfer pricing policies and processes – aligning them with your business strategy.

Here's how we can help you:

• Strategy and policy development
• Governance optimisation and decision making process to help:
• Reduce impact of year-end adjustments
• Monitor transfer pricing footprint
• Coordinate across organisation
• Global or regional assistance to support transitions to new documentation requirements
• Controversy risk assessment, remediation or mitigation as a result of documentation requirements
• Global transfer pricing controversy and risk management

Operating Model Effectiveness

Our multi-disciplinary Operating Model Effectiveness teams work with you on operating model design, business restructurings, systems implications, transfer pricing, direct and indirect tax, customs, human resources, finance and accounting. We can help you build and implement the structure that makes sense for your business, improve your processes and manage the cost of trade.

Transaction Tax

Every transaction has tax implications, whether it’s an acquisition, disposal, refinancing, restructuring or initial public offering. Understanding and planning for these implications can mitigate transaction risk, enhance opportunity and provide crucial negotiation insights. Our Transaction Tax practice helps you make informed decisions and navigate the tax implications of your transaction.

We mobilise wherever needed, assembling a personalised, integrated global team to work with you throughout the transaction life cycle, from initial due diligence through post-deal implementation. Our local teams employ a consistent approach globally to provide you with a coordinated understanding of the relevant jurisdictional and multi-disciplinary tax issues. We can suggest structuring alternatives to balance investor sensitivities, promote exit readiness and help improve prospective earnings or cash flows – raising opportunities for improved returns on your investment.
## Tax leadership

If you would like to know more about our services or the issues discussed please contact:

**Adrian Ball**  
Managing Partner - Tax, Asean  
+65 6309 8787  
adrian.r.ball@sg.ey.com

**Chung-Sim Siew Moon**  
Partner and Head of Tax, Singapore  
+65 6309 8807  
siew-moon.sim@sg.ey.com

### Singapore Tax Partners and Directors

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<tr>
<th>Business Tax Services</th>
<th>Global Compliance and Reporting</th>
<th>Financial Services Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Lee Khoon</td>
<td>Soh Pui Ming</td>
<td>Amy Ang</td>
</tr>
<tr>
<td>+65 6309 8679</td>
<td>+65 6309 8215</td>
<td>+65 6309 8347</td>
</tr>
<tr>
<td><a href="mailto:lee-khoon.tan@sg.ey.com">lee-khoon.tan@sg.ey.com</a></td>
<td><a href="mailto:pul.ming.soh@sg.ey.com">pul.ming.soh@sg.ey.com</a></td>
<td><a href="mailto:amy.ang@sg.ey.com">amy.ang@sg.ey.com</a></td>
</tr>
<tr>
<td>Lim Gek Khim</td>
<td>Ang Lea Lea</td>
<td>Chong Lee Siang</td>
</tr>
<tr>
<td>+65 6309 8452</td>
<td>+65 6309 8755</td>
<td>+65 6309 8202</td>
</tr>
<tr>
<td><a href="mailto:gek.khim.lim@sg.ey.com">gek.khim.lim@sg.ey.com</a></td>
<td><a href="mailto:lea-lea.ang@sg.ey.com">lea-lea.ang@sg.ey.com</a></td>
<td><a href="mailto:lee.siang.chong@sg.ey.com">lee.siang.chong@sg.ey.com</a></td>
</tr>
<tr>
<td>Angela Tan</td>
<td>Chai Wai Fook</td>
<td>Stephen Bruce</td>
</tr>
<tr>
<td>+65 6309 8804</td>
<td>+65 6309 8775</td>
<td>+65 6309 8898</td>
</tr>
<tr>
<td><a href="mailto:angela.tan@sg.ey.com">angela.tan@sg.ey.com</a></td>
<td><a href="mailto:wai-fook.chai@sg.ey.com">wai-fook.chai@sg.ey.com</a></td>
<td><a href="mailto:stephen.bruce@sg.ey.com">stephen.bruce@sg.ey.com</a></td>
</tr>
<tr>
<td>Helen Bok</td>
<td>Cheong Choy Wai</td>
<td>Desmond Teo</td>
</tr>
<tr>
<td>+65 6309 8943</td>
<td>+65 6309 8226</td>
<td>+65 6309 6111</td>
</tr>
<tr>
<td><a href="mailto:helen.bok@sg.ey.com">helen.bok@sg.ey.com</a></td>
<td><a href="mailto:choy.wai.cheong@sg.ey.com">choy.wai.cheong@sg.ey.com</a></td>
<td><a href="mailto:desmond.teo@sg.ey.com">desmond.teo@sg.ey.com</a></td>
</tr>
<tr>
<td>Choo Eng Chuan</td>
<td>Chia Seng Chye</td>
<td>Hugh von Bergen</td>
</tr>
<tr>
<td>+65 6309 8212</td>
<td>+65 6309 8359</td>
<td>+65 6309 8819</td>
</tr>
<tr>
<td><a href="mailto:eng.chuan.choo@sg.ey.com">eng.chuan.choo@sg.ey.com</a></td>
<td><a href="mailto:seng.chye.chia@sg.ey.com">seng.chye.chia@sg.ey.com</a></td>
<td><a href="mailto:hugh.von.bergen@sg.ey.com">hugh.von.bergen@sg.ey.com</a></td>
</tr>
<tr>
<td>Goh Siow Hui</td>
<td>Ivy Ng</td>
<td>Ben Ellis Mudd</td>
</tr>
<tr>
<td>+65 6309 8333</td>
<td>+65 6309 8650</td>
<td>+65 6309 1054</td>
</tr>
<tr>
<td><a href="mailto:siow.hui.goh@sg.ey.com">siow.hui.goh@sg.ey.com</a></td>
<td><a href="mailto:ivy.ng@sg.ey.com">ivy.ng@sg.ey.com</a></td>
<td><a href="mailto:bmudd@sg.ey.com">bmudd@sg.ey.com</a></td>
</tr>
<tr>
<td>Lim Joo Hiang</td>
<td>Nadin Soh</td>
<td></td>
</tr>
<tr>
<td>+65 6309 8654</td>
<td>+65 6309 8630</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:joo-hiang.lim@sg.ey.com">joo-hiang.lim@sg.ey.com</a></td>
<td><a href="mailto:nadin.soh@sg.ey.com">nadin.soh@sg.ey.com</a></td>
<td></td>
</tr>
<tr>
<td>Latha Mathew</td>
<td>Teh Swee Thiam</td>
<td></td>
</tr>
<tr>
<td>+65 6309 8609</td>
<td>+65 6309 8770</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:latha.mathew@sg.ey.com">latha.mathew@sg.ey.com</a></td>
<td><a href="mailto:swee-thiam.teh@sg.ey.com">swee-thiam.teh@sg.ey.com</a></td>
<td></td>
</tr>
<tr>
<td>Tan Bin Eng</td>
<td>Corporate Services</td>
<td></td>
</tr>
<tr>
<td>+65 6309 8738</td>
<td>David Ong</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:bin-eng.tan@sg.ey.com">bin-eng.tan@sg.ey.com</a></td>
<td>+65 6309 6180</td>
<td></td>
</tr>
<tr>
<td>Tan Ching Khee</td>
<td><a href="mailto:corporate.secretarial@sg.ey.com">corporate.secretarial@sg.ey.com</a></td>
<td></td>
</tr>
<tr>
<td>+65 6309 8358</td>
<td><a href="mailto:sophia.lim@sg.ey.com">sophia.lim@sg.ey.com</a></td>
<td></td>
</tr>
<tr>
<td><a href="mailto:ching-khee.tan@sg.ey.com">ching-khee.tan@sg.ey.com</a></td>
<td><a href="mailto:sophia.lim@sg.ey.com">sophia.lim@sg.ey.com</a></td>
<td></td>
</tr>
<tr>
<td>Tax Performance Advisory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michele Chen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+65 6309 8582</td>
<td></td>
<td></td>
</tr>
<tr>
<td><a href="mailto:michele.chen@sg.ey.com">michele.chen@sg.ey.com</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pang Ai Lin**  
+65 6309 8694  
ai-lin.pang@sg.ey.com

**Grenda Pua**  
+65 6309 8753  
grenda.pua@sg.ey.com

**Panneer Selvam**  
+65 6309 8483  
panneer.selvam@sg.ey.com

**Jeffrey Teong**  
+65 6309 8610  
jeffrey.teong@sg.ey.com

**Talent and Reward**  
Samir Bedi  
+65 6309 6648  
samir.bedi@sg.ey.com

**Indirect Tax**  
Global Trade  
Adrian Ball  
+65 6309 8787  
adrian.r.ball@sg.ey.com

Shubhendu Misra  
+65 6309 8676  
shubhendu.misra@sg.ey.com

**GST Services**  
Yeo Kai Eng  
+65 6309 8208  
kai.eng.yeo@sg.ey.com

Kor Bing Keong  
+65 6309 8606  
bing-keong.kor@sg.ey.com

Chew Boon Choo  
+65 6309 8764  
boon-choo.chew@sg.ey.com
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