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“The risk of significant penalties from post-tax audit adjustments is real from both a financial and reputation perspective.”
The year 2018 came and went, and by all accounts, it was an eventful one.

In the global arena, the US-China trade dispute drew much attention from businesses and trade bodies in the region, and is influencing investment decisions and deal flows. The current uncertainty in trade outlook, as well as tax regulatory developments such as those relating to transfer pricing in the region, is driving companies to rethink their business strategy, operations and supply chain – and with that, the potential tax implications.

This comes at a time when tax authorities continue to scrutinise tax compliance with increasing intensity and frequency – a trend that is now the new normal. This risk of significant penalties from post-tax audit adjustments is real from both a financial and reputation perspective.

With the rise of digital and changing business landscape, tax authorities are continually evolving regulations and practices to enhance the tax framework in tandem.

It is against this backdrop that we put together this edition of You and the Taxman, covering topics such as:

- Opportunities in a world of trade disruption
- Embarking on the tax analytics journey
- What you need to know about digital currencies and ICOs
- Demystifying the MLI

I hope you find the insights useful.

Have a pleasant read.
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Opportunities in a world of trade disruption

Trade tensions between the US and China remain delicately poised, with some countries already employing reactive measures in response. However, it is not all doom and gloom. Adrian Ball and Mok Sze Xin discuss.
The US-China trade dispute has been a topic of widespread discussion and concern. A poll at the recent EY Asia-Pacific Tax Symposium found that over half of the respondents from Singapore-based businesses felt moderate to significant impact of recent US trade actions, and believed that these trade actions will likely continue for the next six months to two years.

With the US mid-term elections giving President Donald Trump a Democrat House of Representatives but a Senate with an even wider Republican majority, it is unlikely that Trump’s trade policies will change. This current mindset in the US and the resulting policies have repercussions for the other countries in the world of trade. There is potential for more trade sanctions, with Russia, Iran and North Korea being the prime targets.

Between the US and China, despite the temporary truce, huge differences remain. The Trump administration has set out clear expectations, planning to reinstate the suspended tariffs if their demands are not met to their satisfaction after the 90-day negotiation period.

Countries, including Japan and the European Union (EU), will be involved in high-pressure free trade agreement (FTA) negotiations, just like Mexico and Canada. Ongoing investigations into certain goods, such as automobiles, automotive parts and uranium by the US Trade Representative, may result in more trade barriers for imports when completed. If this trend continues, the periodic appearance of specific international trade deals that are narrowly scoped, whether positive or punitive, may become the new normal.

Taking reactive measures, risk and complexity

With the increase in US trade actions, the risk of taking reactive measures grows. Canada, Mexico, the EU, Turkey and India have already put in place retaliatory tariffs, with Russia, Indonesia and Japan considering to follow suit.

This potentially has a significant impact on the sectors that are directly affected, yet the overall economic impact from the US-China trade dispute is, however, likely to be small – around 1.6% off China’s economic growth over the first two years, according to an analysis by the International Monetary Fund. However, the unpredictability of these actions causes an increase in risk and complexity for businesses carrying out cross-border trade, with a longer-term impact on investment decisions.

The landscape gets more complex with trade liberalisation measures being implemented in parallel. Between October 2017 and May 2018, members of the World Trade Organization not only implemented 75 new trade restrictive measures but also 89 new trade facilitative measures. For example, it is a less well-known fact that President Trump signed into law a bill reducing and suspending tariffs on around 1,600 products in September 2018 - the same month he unleashed the third list of punitive tariffs upon China.

Where companies impacted by the US-China trade dispute are considering to shift sourcing or production facilities away from China, awareness of the true business and tax costs of changing a manufacturing location can be a game-changer.
Not all doom and gloom

Offering some optimism on the trade front is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which accounts for nearly 13.5% of global gross domestic product (GDP), was implemented on 30 December 2018. This occurs for Mexico, Singapore, Canada, Japan, Australia, New Zealand, and probably Vietnam, which have already ratified the agreement. The CPTPP looks to provide benefits such as tariff elimination of more than 98% of tariffs covering sectors such as industrial goods, seafood, horticulture and wine.

There are three aspects of the CPTPP that businesses should take note of.

Firstly, Peru, Chile, Brunei and Malaysia are also part of the 11-member CPTPP, but have not completed their ratification processes. It is expected that slower ratification of the agreement for these latter countries will result in their commitments entering into force later.

Secondly, being an open-access FTA, markets like Taiwan, Thailand, the UK and mainland China are studying the possibility of accession to the CPTPP. The scope and impact of the CPTPP may expand in the future.

Lastly, bilateral agreements within the CPTPP also offer business opportunities but will require identification and detailed analysis, e.g., Canadian-made motor vehicles sold in Australia and Malaysia enjoy more liberal rules of origin.

The other significant FTA in the region, the Regional Comprehensive Economic Partnership (RCEP), which accounts for 30% of global GDP, is also in the works. Substantial progress was made in 2018, with major announcements also indicated for 2019.

There are, amongst others, outstanding differences over market access such as India’s preference for services but not goods liberalisation, which is opposite to the preferences of other members. However, if these issues can be resolved, the RCEP will be the largest FTA yet, bringing huge potential for trade and market access to the region.

Unrealised trade opportunities exist

With the increasing complexity of trade measures and barriers, companies are naturally much more focused on trade risk as part of business and supply chain planning. However, many may not be fully aware of the proliferation of the FTAs and the opportunities available to them.

Where companies impacted by the US-China trade dispute are considering to shift sourcing or production facilities away from China, awareness of the true business and tax costs of changing a manufacturing location can be a game-changer. Therefore, businesses need to have a strong knowledge of FTAs and corporate tax regimes, as well as government credits and incentives, to proactively plan for cost-efficiencies.

In the face of trade dispute and increased trade risk, astute navigation of the complex international trade and business environment can still lead to favourable outcomes.

The article was first published in The Business Times on 21 December 2018
Harnessing the benefits of good tax governance

A robust tax corporate governance (TCG) framework is fundamental to managing the myriad of tax compliance and risk management challenges and building a more effective tax function. Chung-Sim Siew Moon and Emily Marsden elaborate on the benefits of TCG.

Managing tax risks in the face of increasingly complex, onerous and growing tax obligations is one of the most significant challenges that tax functions face. For multinational corporations, tax risks come with the added burden of being cross-jurisdictional, and in some instances, lack visibility of underlying details.

Revenue authorities across the globe are scrutinising corporate tax risks more frequently than before and there is a risk of significant penalties arising from post-tax audit adjustments. Further, a 2016 OECD report Building Better Tax Control Frameworks recommended that the revenue authorities of the OECD’s Forum on Tax Administration (FTA) member countries (including Singapore) implement tax corporate governance (TCG) guidance that requires corporate taxpayers to have strong TCG frameworks to support cooperative compliance and the disclosure of tax risks to the revenue authorities. Given these recommendations, it is expected that FTA member countries will develop TCG requirements for their corporate taxpayers over the short term.
Looking at tax risk management from an operational point of view, failing to proactively manage tax risks can place a burden on resources when dealing with tax risk “surprises”. Reactive and unplanned tax risk management is time-consuming and expensive.

To deal with these risks, corporate taxpayers are recognising the need for a formally documented TCG framework, typically comprising a formally documented tax strategy document; documented procedures for tax roles, responsibilities and tax risk management; and implementation of the policies and procedures by way of staff training. Boards too are involved in the development and implementation of a strong TCG framework and typically endorse the organisation’s overarching tax strategy document.

Beyond satisfying stakeholders

The benefits of TCG go beyond satisfying the board and revenue authorities that you are managing tax risks. There are several other commercial and operational benefits to the tax functions.

First, a formal TCG framework provides a platform for addressing tax risk like any other commercial or operational risk of the business. With a sound TCG framework, significant tax risks are identified, recorded and addressed by way of formal remediation strategy. Good TCG helps with early identification and mitigation of tax risks, which can lead to a reduction in errors and in turn, an improved reputation for the organisation.

Second, the board is regularly informed of significant tax matters, typically by way of a standing agenda item for tax at scheduled board or board sub-committee meetings. This drives company directors’ involvement and oversight of tax matters, and provides an opportunity for the Head of Tax or CFO to balance the reporting of tax risks with positive business news and other material tax operational updates. This can help to raise the profile of tax with the board.

Third, formally documenting tax processes under a comprehensive TCG framework enables staff to follow the same tax procedures, regardless of location. For multinationals, it is particularly useful to have uniform procedures globally so that staff operating across different jurisdictions take a consistent approach to tax and more importantly, tax disputes and controversies.

Fourth, companies may gain from an improvement to staff skills and knowledge. Following the implementation of a formal TCG framework, staff are trained on the underlying processes, including tax laws, compliance processes, administration, controversy management and internal communications on tax matters.

Fifth, strategic advantages often accrue to the business as a result of an operational TCG framework. For example, a TCG framework encourages the business to proactively identify updates to the tax law, and train staff on where these may apply to the business. Furthermore, a TCG framework enables the tax and finance function to better connect with the business, and as a result, be involved in transactions at an earlier stage, thereby addressing tax matters in a more timely manner. The existence of a TCG framework also provides assurance to revenue authorities that tax compliance is high on an organisation’s agenda.
Gaining early mover advantage

In essence, TCG can provide the framework to manage a growing number of compliance issues faced by tax functions. Further, it helps with a reduction in errors, building a streamlined tax function and attracting less scrutiny by the revenue authorities. The proactive tax risk mitigation and tax controversy management that occurs under a robust TCG framework will save you time, staff resourcing and costs.

Countries like Australia and the UK have already embarked on tax governance initiatives. Currently, Singapore has the Enhanced Taxpayer Relationship Programme and the Assisted Compliance Assurance Programme for Goods and Services Tax. It is likely a matter of time before Singapore adds corporate tax risk management to its existing suite of programmes to promote proactive tax risk and control management. Surely, the impact of developing your TCG now will endure well into the future.

Looking at tax risk management from an operational point of view, failing to proactively manage tax risks can place a burden on resources when dealing with tax risk 'surprises'. Reactive and unplanned tax risk management is time-consuming and expensive.

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You and the Taxman
Embarking on the tax analytics journey

Tax analytics has the potential to uncover hidden tax savings opportunities and significantly lower the risk of inaccurate reporting to tax authorities. Chia Seng Chye and Abad Dahbache discuss what embarking on the tax analytics journey entails.
Automation and artificial intelligence have entered the common business lexicon in current times. Today, these technologies have become fundamental in all aspects of our lives, and have made tax analytics a reality.

The laborious days of manual oversight and reporting are over. Gone are the sleepless nights, when you spend hours poring over lengthy fixed assets details to determine capital allowances (or tax depreciation) or aggregating numbers to compile monthly tax management before a deadline. With tax analytics, such tasks can now be completed in a matter of seconds.

Tax analytics has the potential to uncover hidden tax savings opportunities and if implemented correctly, can significantly lower the risk of inaccurate data submission to tax authorities. For example, the use of tax analytics has enabled a company to successfully reclaim millions of dollars in value-added tax (VAT) globally from the authorities.

On the other hand, we have also seen another organisation operating in the same sector forfeiting almost S$200,000 per month, owing to the failure to update their systems to account for a change in turnover tax legislation. These examples illustrate how a robust tax analytics strategy can improve an organisation’s effectiveness to drive success.

Having acknowledged that analytics is important, a common question is where do companies start?

Data quality at the core

The foundations of all analytics, including that of tax, lies in the data itself. To start the tax data analytics journey, the first and foremost task is to ensure that your data - whether structured or unstructured - is usable.

Data quality is generally determined by its consistency. Let’s say we have fixed assets that need to be identified and categorised to the applicable rates of capital allowances claims. Where there are manual data entries by multiple individuals, inconsistent categorisation as well as identification of the rates of capital allowances claims are likely to occur. Minor differences such as entering “0.2” versus “20%” can cause issues downstream. Similar data inconsistencies can also be pervasively observed in the computation of VAT or Goods & Services Tax. Due to large sets of data, substantial time is required to ensure data consistency.

Poor data quality is a real challenge but not one that is insurmountable. Poor data quality can be addressed through data normalisation and cleansing. With data normalised and cleansed, a large chunk of the work has already been completed.

Following that, organisations will need to decide on their desired reporting features and routines within the given budget. These can range from weekly auto-generated offline reports that are emailed to individuals, to fully customised dashboards hosted on the cloud.

A smoother transition

Whether you believe you have already successfully implemented tax analytics technologies or are quite distant from the goals, there are a few things that organisations can do to create a smoother transition into a modernised analytics approach.

Firstly, organisations should develop a roadmap that articulates their milestone timelines and expected outcomes. Throughout the tax analytics journey, it can be easy to lose sight of an end goal if there are no clear
The foundations of all analytics, including that of tax, lies in the data itself. To start the tax data analytics journey, the first and foremost task is to ensure that your data - whether structured or unstructured - is usable.

milestones set out prior to the journey. Therefore, this step is necessary to stay on track in terms of what is needed to implement a tax analytics system that best fit the organisation’s needs.

Secondly, organisations should perform a return-on-investment calculation and proceed to create a business case based on the investment required. Whilst shiny new technology sounds exciting, it may not be worth the price tag for the “pain points” that you are trying to address along with your strategic direction.

Thirdly, it is vital to identify the right resource mix to help drive the adoption of tax analytics. This involves looking into the best mix of internal staff and third party consultants with the right technological capabilities that can help drive a smoother transition and successful implementation. Lastly, organisations will need to secure the budget and with that, they are ready to commence on the tax analytics journey.

With the rise of new regulations that are requiring greater detail and tax authorities becoming increasingly competent with analytics, coupled with more data available to make tax determinations, it is opportune for tax functions to consider how tax analytics can – and will – play a central role from tax planning through to managing controversy.
Transfer pricing regimes: Hong Kong versus Singapore

Both Singapore and Hong Kong have reached significant milestones in their transfer pricing regimes. Luis Coronado and Molvin Yiu from Singapore, and Martin Richter and Monica Leung from Hong Kong, discuss the landscape in the two jurisdictions that are often seen as competitors.

Following the enactment of the Inland Revenue (Amendment) (No. 6) Ordinance 2018 (Amendment Ordinance) on 13 July 2018, which codified transfer pricing (TP) principles and introduced mandatory TP documentation requirements into the Inland Revenue Ordinance (Cap. 112) (IRO), Hong Kong has reached a significant milestone in its TP regulatory environment.


Difference between the regimes

For Hong Kong, the introduction of the fundamental TP rule (FTPR), which applies from assessment periods on or after 1 April 2018, is core to the Hong Kong TP regulatory regime. It requires intercompany transactions between associated enterprises to be conducted at arm’s length in a manner consistent with the definition of the arm’s length principle as stipulated in 2017 Organisation for Economic Co-operation and Development Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD TP Guidelines).

Subject to fulfilling certain prescribed criteria, the FTPR generally applies to cross-border intercompany transactions whereby Hong Kong’s Inland Revenue Department (IRD) is empowered to adjust taxpayers’ profits upwards and losses downwards whenever intercompany transactions are deemed non-arm’s length and the taxpayer is considered to have gained a Hong Kong tax advantage. Consequently, any adjustment made may attract a penalty of up to the amount of tax undercharged.
In Singapore, the TPD Rules are effective for the Year of Assessment (YA) 2019 onwards and apply to both cross-border and domestic intercompany transactions. The TPD Rules detail form and content of TP documentation and set out exemptions. In addition, the obligation for taxpayers to prepare and maintain contemporaneous TP documentation is now enforceable under section 34F of the SITA, albeit with certain conditions and exemptions formally codified under the TPD Rules. Further, a penalty regime for non-compliance with TP documentation requirements and the arm's length principle may entail a new 5% surcharge on any TP adjustments made, regardless whether there is tax payable on the adjustments.

In addition, the 2018 Singapore TP Guidelines incorporate the TPD Rules, and provide examples and explanations on certain aspects of the TPD Rules. These include enhanced guidance on the comparability analysis and transactional profit split method (PSM), as well as a completely rewritten section relating to TP documentation requirements, in particular legal agreements.

Three-tiered documentation

A further pillar of the Amendment Ordinance is the adoption of the OECD's recommended three-tiered documentation structure comprising country-by-country reporting (CbCR), a master file (MF) and local file (LF). All three forms of documentation are to be prepared in a manner consistent with the content requirements and formats outlined by the OECD TP Guidelines.

Ultimate parent entities (UPE) of multinational enterprise (MNE) groups that are resident in Hong Kong with consolidated turnover of HK$6.8b (i.e., reportable group) are required to prepare and file CbCR no later than 12 months after the end of the respective accounting period for accounting periods beginning on or after 1 January 2018. Under certain circumstances, a secondary filing mechanism including surrogate and local filing is applicable and written notification containing information relevant for determining the obligation for filing CbCR must be filed with the IRD within three months after the end of the relevant accounting period.

All companies carrying out a trade or business in Hong Kong are required to prepare MF and LF for accounting periods beginning on or after 1 April 2018 and be ready within nine months of the year end, unless they meet either one of the exemptions available based on size of business and related party transactions with specified domestic transactions being excluded from the exemption assessment.

Although the IRAS acknowledges a three-tiered documentation structure consisting of documentation at group level; documentation at entity level; and CbCR, the Singapore TP documentation requirements are not identical to the OECD's MF and LF documentation requirements. It should be noted that the 2018 Singapore TP Guidelines require the inclusion of certain additional content as compared to the 2017 OECD TP Guidelines in order to be considered compliant from a Singapore perspective as outlined in the Second Schedule of the TPD Rules.

The CbCR related provision stipulates that a Singapore-resident UPE with consolidated revenues of at least S$1,125b is required to prepare and submit CbCR no later than 12 months after the end of the accounting period for accounting periods beginning on or after 1 January 2017, whereby no secondary or surrogate filing mechanism nor notification requirement for non-Singapore headquartered MNE groups exists.
Other noteworthy changes

Whilst the above outlined TP regime and the three-tiered approach to TP documentation are the most prominent, there are also a number of other noteworthy changes made to the respective location's TP environment.

Hong Kong has introduced an advanced pricing arrangement programme (APA) and a provision for treatment of intangible related returns whereas Singapore has provided enhanced guidance on the APA programme and dispute resolutions mechanisms, the exchange of information, attribution of profits to permanent establishments and financing arrangements.

The two markets of Hong Kong and Singapore are often compared with each other. However, due consideration should be given to the nuances in the organisation of the economic, legal and tax environment that ultimately impact the direction and development of the respective jurisdiction's tax system.

The TP regime in Hong Kong, for now, seems to focus mainly on the disclosure of intercompany transactions for compliance purposes to satisfy internationally recognised standards. Singapore, in contrast, goes a step further. The Singapore TP regime has been updated on an annual basis since 2015 to account for global developments adapting to the current international tax and TP trends. This ensures an appropriate level of compliance and also promotes apposite implementation and day-to-day management of TP policies therefore reducing the taxpayers' administrative and tax compliance matters in the long run. 

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Every year the Singapore government reaches out to the public for feedback and suggestions on what they would like to see in the upcoming Budget. Whilst the public will understandably be looking for more “goodies” from the government, policymakers will importantly need to ensure that Singapore has sufficient resources to meet her spending needs for years to come.

Taxes on both income, and goods and services have been a major source of revenue for the Singapore government. This trend can be seen in the latest Singapore tax collection of S$50.2b, which represents 66.2% of the Government Operating Revenue and 11.1% of Singapore’s GDP in the financial year ended 31 March 2018 (FY 2018).

Of these, a large part of the tax revenues came from corporate and individual income tax (51%) and goods and services tax (22%). The components in the financial year ended 31 March 2017 (FY 2017) were similar: the total tax collection was S$47b, which represented 11.3% of Singapore’s GDP, with 51% and 24% derived from corporate and individual income tax, and goods and services tax (GST) respectively.

On average, in 2016, OECD countries derived 33.6% of their tax revenues from taxes on income and profits (i.e., personal and corporate income taxes taken together). Similarly, corporate income tax constitutes a significant source of tax revenue for many key Asian economies such as Japan, South Korea, Malaysia and Indonesia.

Raising tax revenues: what’s next?

With rising spending needs, the Singapore government will increasingly need to consider other sources of tax revenues beyond taxing incomes and GST. Russell Aubrey explores the tax policy options for Singapore.
Based on an analysis of tax revenue trends by the OECD, taxes on personal and corporate incomes remain the most important source of revenue used to finance public spending in 16 OECD countries. In fact, the share of income taxes exceeded 40% in the tax mix of eight of these OECD countries, namely Australia, Canada, Denmark, Ireland, Mexico, New Zealand, Switzerland and the US. A similar trend is seen in Singapore where taxes on personal and corporate incomes and goods and services continue to be amongst the most important sources for funding.

In his Budget 2018 debate round-up speech, Finance Minister Heng Swee Keat said: “Certainly, we should not shy away from addressing the need for taxes, where we see areas of collective need that can be better met by government provision. These include areas like health care, supporting the elderly and retirees, investing in our people through preschools and SkillsFuture, and strengthening our security.”

Further, Mr. Heng noted in a recent interview with Bloomberg that planning for the Budget should take a longer-term view of some of our needs and the changes that we need to make in our spending pattern and our revenue pattern. Against the backdrop of rising needs, will tax collection or more specifically, the revenues from taxing incomes and goods and service, continue to be a significant source of funding for the recurrent and future needs of our country?

Taxes in Singapore are relatively low because competitiveness is a key consideration underpinning our tax policy. As the Inland Revenue Authority of Singapore puts it, keeping tax rates competitive for both corporations and individuals alike is a “fundamental tenet” of Singapore’s tax policy. As such, it is likely that we will not see any major increase in our corporate tax rate or individual tax rate in the near future, other than the already announced GST rate increase to 9%, which will be implemented sometime between 2021 and 2025.

Going beyond income taxes and GST

With a global digital economy, governments are finding it harder to tax income, coupled with the challenge of defining the tax profiles of the myriad of business models based on virtual global networks and intellectual property. Until a long-term solution can be found, governments would likely go for the low-hanging fruit of indirect tax.

For example, India has introduced an equalisation levy on online advertising revenue by non-resident e-commerce companies earned in the country. Recently, the UK government has introduced a Digital Services Tax (DST) to be implemented from April 2020. The DST will be set at 2%, subject to safe harbour rules, and will apply to search engines, social media platforms and online marketplaces as these business models are considered to derive significant value from the participation of their users.

In Malaysia’s Budget 2019, the government has announced that the importation of taxable services into Malaysia by businesses shall be subjected to service tax effective 1 January 2019. This will be administered in a similar manner to the “reverse charge” mechanism under the GST system. In addition, the provision of digital products and services such as downloaded software, music, video, or digital advertising by foreign service providers to consumers in Malaysia will be subjected to service tax starting from 1 January 2020.

Earlier this year, Singapore has also introduced an overseas vendor registration system. Overseas suppliers and electronic marketplace operators that make significant supplies of digital services to Singapore consumers will be required to register for GST with the Singapore tax authorities, starting from 1 January 2020. Besides overseas vendor registration, the Singapore government has also decided to activate the reverse charge mechanism, which has been non-operative for many years. Certain groups of Singapore businesses, in particular, the partially exempt GST taxpayers, will have to account for GST to the Singapore tax authorities on the services that they import.
Another form of indirect tax – stamp duty – had helped to bolster the increase in Singapore’s tax revenue collection in FY 2018. This was due to a 49.6% jump in stamp duty collection arising from a higher number of property transactions. Also contributing to this increase was the tweaking of the stamp duty rates on properties and property-holding entities over the past two years (i.e., the introduction of a new stamp duty for the acquisition and disposal of equity interest in property-holding entities in 2017 and increasing the buyer’s stamp duty rate on the portion of residential property value in excess of S$1m to 4% in 2018).

In another indirect tax measure, Singapore became the first country in Southeast Asia to launch a carbon tax after the Carbon Pricing Bill was passed in Parliament in March 2018. It remains to be seen how much more tax revenue can be generated through this means.

With the introduction of a 5% transfer pricing surcharge to address non-compliance with the arm’s length principle effective YA 2019, GST on imported services effective 1 January 2020, and the increase in the GST rate in the period between 2021 and 2025, we can expect these new taxes to likely bring in more tax revenues for the government.

What’s next?

Mr. Heng recently also said that “taxing labour less and capital more is one of the options that we are looking at but we have a range of possible instruments.” Following from this, there is speculation of new taxes on capital gains and wealth as ways to address the wealth gap and to strengthen our revenue position in time to come.

New forms of taxes aside, the level of tax revenue is also influenced by tax policy and administration as well as taxpayer compliance. With the use of digital technology, data analytics and forensic tools by the government as well as increasing global connectivity, the government is empowered to further improve tax compliance and audits, and enhance the timely collection of its fair share of taxes.

Importantly, the government has to strike a balance between introducing new taxes and enhancing the tax framework on one hand, whilst providing a favourable business environment to attract and retain investors and entrepreneurs and to drive economic growth on the other. Without a doubt, policymakers have the formidable task of ensuring that our tax system is fair and sustainable and remains attractive to investors.

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The last couple of years has seen phenomenal changes in digital technologies that transform ways of life and business. The emergence of cryptocurrencies, digital tokens and initial coin offerings (ICOs) is one such phenomenon that has captured significant attention.

Based on the EY study *Initial Coin Offerings (ICO), The Class of 2017 - one year later* released in October 2018, ICOs raised a total of US$6.39b globally in 2017 and in the first half of 2018 alone, ICOs raised US$21.93b up to the date of the study.

The increasing attention paid to this phenomenon was further underscored at a keynote speech by Christine Lagarde, Managing Director of the International Monetary Fund at the recent Singapore FinTech Festival, where she spoke on the FinTech revolution and the changing nature of money, and expounded on the possibility of central banks providing digital currencies.

With digital tokens and digital currencies emerging globally as a new asset class, what are the essential knowledge individuals and businesses should equip themselves with?

**ICO landscape in Singapore**

The cryptocurrency industry in Singapore has experienced rapid growth over the past few years and Singapore has emerged as one of the key hubs for cryptocurrencies and blockchain start-ups wanting to launch an ICO.

Singapore’s central bank, the Monetary Authority of Singapore, is at the forefront, engaging the industry and striking a fine balance between appropriate regulation largely to protect consumers, addressing money laundering and terrorism financing concerns and fostering entrepreneurial endeavours. This is evident from the release of the *A Guide to Digital Token Offerings* paper in August 2017, which was recently updated in December 2018.

The combination of a vibrant entrepreneurial community, clear regulatory stance and Singapore’s reputation and resources as a financial hub, has played an important role in making Singapore a popular destination for ICO launches.

Desmond Teo and Desmond Wong discuss the rise of cryptocurrencies, digital tokens and initial coin offerings (ICOs) and the regulatory and tax considerations in Singapore that individuals and businesses should be mindful of.
According to media reports, in 2017, Singapore became the world’s third-largest ICO launch pad after the US and Switzerland in terms of money raised, and currently hosts a list of notable ICOs. This trend continued in 2018, where Singapore was second behind the US in terms of global ICO funding raised.

Regulatory stance
An ICO is a digital token-based fundraising event where companies issue digital tokens in exchange for fiat currency or widely accepted cryptocurrencies (such as bitcoin or ethereum). Broadly, such digital tokens issued may take three forms:

- **Digital currency**, where it functions purely as a medium of exchange to be used and accepted by transacting parties.
- **Security or asset token**, which constitutes capital markets products, exhibiting characteristics of securities with rights similar to those of shares, debentures, units in collective investment schemes, units in business trusts or securities-based derivative contracts.
- **Utility token**, which confers only a right to purchase a future good or procure a future service, and not intended to be used as a medium of exchange accepted by the public (or a section the public) as a mode of payment or a discharge of a debt.

Since December 2017, Singapore has adopted a regulatory stance that if a digital token is a security or asset token, the applicable securities laws in Singapore will apply to the persons making an offer of such security or asset tokens, as well as to intermediaries that facilitate offers or issues of such digital tokens. Such intermediaries include primary platform operators, financial advisors and trading platform operators. The relevant parties are also required to comply with anti-money laundering and counter-terrorist financing (AML/CFT) requirements, and develop and implement policies, procedures and controls in relation to customer due diligence and transaction monitoring.

On the other hand, for digital currencies and utility tokens, Singapore has adopted a wait-and-see approach on regulating such digital tokens and their respective ICOs. Nevertheless, Singapore remains vigilant to potential risks, especially in respect of consumer protection and money laundering.

In view of the above regulatory stance, companies looking to conduct ICOs or operate a platform involving digital tokens in Singapore are encouraged to seek professional advice.

Tax considerations
If you are looking to embrace ICOs, digital tokens and digital currencies, it is vital to take note of the following tax considerations.

**Corporate income tax**

**ICO issuance**
One of the fundamental considerations for companies undertaking an ICO is to determine whether the ICO proceeds received will be recognised as income for Singapore income tax purposes, and if so, the timing where such ICO proceeds will be subject to Singapore tax.

Generally, in the case of security or asset tokens issued that exhibit characteristics of securities, it may be broadly arguable that the ICO proceeds from issuing such digital tokens are capital in nature and not taxable in nature in the hands of the ICO company.

As for utility tokens that confer a right to the digital token holder to purchase a future good or to procure a future service, the better view is that the receipts derived from the issuance of utility tokens may be treated as revenue in nature and taxable for Singapore tax purposes.

Another key consideration relates to the timing when income is recognised and taxation occurs. This will depend on when the income is considered earned, whether it is at the point when the utility token is utilised, or earlier.

Lastly, it is also important to appropriately match the timing of taxation of such income against the deductibility of expenses incurred in deriving the income. If ICO receipts are taxable upfront, this can potentially result in a significant tax leakage as expenses are incurred only in the subsequent years (and not at the point of the ICO).
derive the income. Whilst carry-back relief pursuant to Section 37E of Singapore’s Income Tax Act may offer some relief, this is somewhat limited as the carry-back amount is restricted up to S$100,000 of that current year’s capital allowances and tax loss. Further, this can only be carried back for one year.

Where a deferred revenue recognition model from the accounting and tax perspectives can be adopted, the above risk of mismatches can be mitigated and a more equitable tax outcome can be achieved where the expenses incurred in deriving the income can be matched to and deducted against such income that is subject to Singapore tax.

Trading of digital tokens
If a person is trading in digital tokens, and the gains are revenue in nature, such gains will be subject to Singapore tax. Such a determination of capital nature versus revenue nature will be based on an assessment of the “badges of trade”, including:
- Subject matter
- Motive of acquiring the subject matter
- Length of ownership
- Frequency of similar transactions
- Supplementary work done
- Circumstances surrounding the sale or disposal

Individual income tax
It is common for the founders, key personnel and employees of an ICO to be allotted digital tokens with certain restrictions (i.e., tokens with a deferred vesting feature or restrictions on the ability to sell such tokens etc.). When an individual receives tokens for contributing towards an ICO project, such receipts will be taxable in Singapore in the individual’s hands. It should be carefully considered when taxation is applicable on the individuals, as well as the value of the digital token to be taxed as the values typically vary at the different stages of the digital token life cycle.

Goods and services tax (GST)
The IRAS has indicated that the issuance or sale of cryptocurrencies will be seen as a supply of service. Where an entity issues utility tokens to a Singapore tax resident, it will be viewed as making a standard rated supply for GST purposes and if its annual taxable supplies exceed S$1m, it will be required to register for GST.

Singapore tax resident holders purchasing the tokens will also be subject to GST at 7%. However, if the digital tokens issued during an ICO meet a strict set of conditions, it may be arguable that the digital tokens qualify as a multi-redemption voucher for Singapore GST purposes. If so, the accounting of GST may be deferred till the fulfilment of the underlying obligation of a token. This is useful as the ICO company will then be in a better position to establish the profile of the holder of the digital tokens and appropriately account for the output tax then, as well as claim the appropriate input tax from the IRAS.

Conclusion
As the market players move towards alternative methods of raising money, we anticipate that the ICO market in Singapore will continue to evolve whilst remaining relevant. In this regard, it is important to critically assess your structure from a tax perspective, taking into account the commercial, legal and regulatory requirements.

Contact us

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Demystifying the MLI

The MLI will enter into force for Singapore on 1 April 2019. Chester Wee and Chai Sui Fun explain what is the MLI and the impact on Singapore’s tax treaties.
On 21 December 2018, Singapore deposited its instrument of ratification for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS), otherwise known as the Multilateral Instrument or MLI in short. The MLI will enter into force for Singapore on 1 April 2019.

What is the MLI?

It has been three years since the Organisation for Economic Co-operation and Development (OECD) released its final reports on the 15 action plans to address BEPS. Given that abuse of tax treaties is an important source of BEPS, some recommendations to address BEPS are designed to be implemented via tax treaty provisions.

To swiftly implement the modification of over 3,000 existing bilateral tax treaties in a well-synchronised fashion, the OECD developed the MLI.

Quick facts
(status as of 21 December 2018)

• 85 jurisdictions have signed the MLI.
• 17 jurisdictions, including Singapore, have deposited the instrument of ratification.
• Six jurisdictions have expressed their intent to sign the MLI.
• In Southeast Asia, Indonesia, Malaysia and Singapore have signed the MLI. Thailand has expressed its intent to do so.
• 28 jurisdictions, including Singapore, have opted to adopt mandatory binding arbitration provisions in their tax treaties.
• 38 jurisdictions have opted to lower the threshold for creation of permanent establishment (PE).
• 43 jurisdictions have opted to make it explicit that the exception from PE status is contingent on the listed activity being of a preparatory or auxiliary character.

The MLI, a multilateral treaty, follows the legal doctrine of *lex posterior derogat legi priori*, which means that when two rules apply to the same subject matter, the later in time prevails. Unlike an amending protocol, which removes or replaces specific text of an existing tax treaty, the MLI will be applied alongside existing bilateral tax treaties by modifying their application.

In order to accommodate different existing provisions in existing tax treaties and different policy preferences, the MLI is designed to allow for different forms of flexibility through a system of reservations and notifications of choices between alternative provisions and choices to apply optional provisions. Each jurisdiction that intends to modify its bilateral tax treaties using the MLI is required to submit a completed template of its list of covered tax agreements, reservations and notifications, which will constitute the jurisdiction’s MLI position.

This approach facilitates one collective negotiation and enables jurisdictions to undergo only one ratification procedure in their parliament in order to modify their whole treaty network.

What is the impact on Singapore’s tax treaties?

A particular tax treaty will be modified by the MLI only if both Singapore and its treaty partner have chosen to modify their tax treaty using the MLI (i.e., a covered tax agreement). In general, the specific provision of the covered tax agreement will be modified only if both treaty partners share the same position on the provisions of the MLI.

Singapore has made notification that it intends to include 86 of its tax treaties as “covered tax agreements”. Five of the treaty partners have, however, not included Singapore in its notification. The expectation is that these tax treaties will be renegotiated on a bilateral basis to include measures to prevent treaty abuse and improve dispute resolution. In addition, 23 of the treaty partners have not yet signed the MLI.
Singapore's tax treaties that have been included for modification through the MLI (as of 21 December 2018) are as follows:

<table>
<thead>
<tr>
<th>Treaty partners that have not yet signed the MLI</th>
<th>Treaty partners that have already signed the MLI</th>
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(*) Treaty partner has not included Singapore in its notification

Jurisdictions should indicate their provisional MLI position at the time of signing the MLI. It is still possible to amend the MLI position until the point of ratification. After ratification, jurisdictions can choose to opt in with respect to optional provisions or to withdraw reservations.

Basically, Singapore has adopted the mandatory MLI provisions. The only optional provisions that Singapore has signed up are those relating to mandatory binding arbitration.

As of 21 December 2018, Singapore and 27 other jurisdictions have confirmed or indicated an intention to adopt the arbitration provisions: Andorra, Australia, Austria, Barbados, Belgium, Canada, Curaçao, Fiji, Finland, France, Germany, Greece, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Malta, Mauritius, Netherlands, New Zealand, Portugal, Slovenia, Spain, Sweden, Switzerland and the UK.

What are Singapore's positions on the MLI?

The MLI is structured as a flexible instrument, which will modify tax treaties according to a jurisdiction’s policy preferences. Jurisdictions must however modify their tax treaties such that they meet the agreed BEPS minimum standards (i.e., mandatory MLI provisions) relating to the prevention of treaty abuse and the improvement of dispute resolution.

Except for mandatory MLI provisions, flexibility is given for jurisdictions to apply optional provisions (for example, provisions on mandatory binding arbitration, a simplified limitation of benefits (LOB) test to supplement the provisions of the principal purpose test (PPT)).

Jurisdictions may, in certain instances, choose to reserve the right not to apply the optional MLI provisions with respect to all of their covered tax agreements or with respect to a subset of their covered tax agreements.
At the time of ratification, Singapore's positions on the MLI are as follows:

### Prevention of treaty abuse

| MLI Article 6 (Purpose of a covered tax agreement) | Paragraph 1 – To include a statement in the preamble of the tax treaty to clarify that the tax treaty is intended to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance. Paragraph 3 – To include a statement in the preamble to reflect a desire to further develop economic relationship or enhance cooperation in tax matters. |
| MLT Article 7 (Prevention of treaty abuse) | Paragraph 2 – To adopt the PPT in Singapore's tax treaties to prevent treaty abuse. Asymmetrical application of simplified LOB rules will not be allowed. Paragraph 4 – To include the discretionary relief provision, which would give a competent authority discretion to grant treaty benefits to a taxpayer, upon request, despite the taxpayer failing the PPT. |
| MLI Article 13 (Artificial avoidance of PE status through specific activity exemptions) | Paragraph 3 – To opt in to Option B for the list of activities that are deemed not to constitute a PE. This ensures that businesses with foreign operations do not unduly create taxable presence in the foreign jurisdiction. |

### Improvement of dispute resolution

| MLI Article 16 (Mutual agreement procedure (MAP)) | Paragraph 1 – To adopt the alternative minimum standard to paragraph 1 such that resident taxpayers can approach the Inland Revenue Authority of Singapore (IRAS) for MAP assistance and the IRAS will implement a bilateral notification or consultation process to inform Singapore's treaty partner when the IRAS rejects a MAP application. Paragraphs 2 and 3 – To adopt these two paragraphs to facilitate dispute resolution. |
| MLI Article 17 (Corresponding adjustments) | Paragraph 1 – To include a provision to allow jurisdictions to make corresponding adjustments and consult with one another in the event of a transfer pricing adjustment. |
| MLI Article 18 (Choice to Apply Part V) | To opt in to the mandatory binding arbitration provisions to be applied to all tax treaties covered under the MLI. |
| MLI Article 19 (Mandatory binding arbitration) | Paragraph 12 – To reserve such that any unresolved issues arising from a MAP case shall not be submitted to arbitration if a decision on this issue has already been rendered by a court or administrative tribunal of either jurisdiction. To reserve such that the arbitration process will terminate if, at any time after a request for arbitration has been made and before the arbitration panel has delivered its decision, a decision concerning the issue is rendered by a court or administrative tribunal of either jurisdiction. |
| MLI Article 23 (Type of arbitration process) | The final offer arbitration will be the default mode of arbitration. Paragraph 3 – To provide for Singapore to enter into discussion with Singapore's treaty partner to reach an agreement on the type of arbitration process to apply if Singapore's treaty partner reserves, under paragraph 2, to apply the independent opinion arbitration instead. Paragraph 4 – To opt in to the confidentiality provision. Under the confidentiality provision, taxpayers and their advisors must agree not to disclose to any other person any information received from either jurisdiction or the arbitration panel in the course of the arbitration process. A breach of this provision could give rise to the termination of the MAP as well as the arbitration proceeding. |
| MLI Article 24 (Agreement on a different resolution) | Paragraph 2 – To allow jurisdictions to agree on a different resolution of all unresolved issues within three calendar months after the arbitration decision has been delivered. |
| MLI Article 28 (Reservations) | Paragraph 2 – To reserve such that cases that are subject to Singapore's domestic general anti-avoidance rules will not be eligible for arbitration in Singapore. Where a reservation has been included by Singapore's treaty partner to prevent cases, which are subject to its specific domestic law provisions from qualifying for arbitration, that same reservation would similarly apply to cases that are subject to Singapore's domestic law provisions, which are analogous to the domestic law provisions specified in the reservation included by that treaty partner. |
| MLI Article 36 (Entry into effect of Part VI) | Paragraph 2 – The arbitration provisions provided under the MLI will be available to a case presented before the entry into force of the MLI only if both jurisdictions agree that it will apply to that specific case. |

(Source: Adapted from the summary provided on the website of the IRAS)
When will the modifications be effective in Singapore's tax treaties?

Broadly speaking, the MLI provisions will modify the wordings of a particular covered tax agreement as follows:

- Taxes withheld at source: 1 January following the latest MLI entry into force date for the treaty partners concerned.
- Other taxes: on or after the expiration of a period of six calendar months (or such shorter period per notification) from the latest MLI entry into force date for the treaty partners concerned.

Out of Singapore's covered tax agreements, 14 jurisdictions had ratified the MLI as of 21 December 2018. For these covered tax agreements, the MLI provisions will have effect from the following dates, unless otherwise agreed by treaty partners:

- Taxes withheld at source: 1 January 2020
- Other taxes: 1 October 2019

The diagram on the right provides an illustration of the expected timeline in which Singapore's covered tax agreements will be modified in respect of the jurisdictions that have ratified the MLI as of 21 December 2018.

In Singapore when the tax treaty is to be modified by the MLI, the changes to the tax treaty will be implemented via a Gazette Order. The IRAS has indicated that it will provide updates on their website when a Singapore's tax treaty is modified by the MLI. For clarity, the IRAS will also provide information on how and when each tax treaty will be modified by the MLI, as and when the tax treaty is being modified by the MLI.

What can taxpayers expect?

Singapore considers that taxpayers with bona fide commercial transactions or operations should not be unduly concerned with the inclusion of PPT into tax treaties. The PPT is in fact already present in several Singapore's tax treaties. That said, similar to the general anti-avoidance rules under section 33 of the Singapore Income Tax Act, the PPT is a subjective test based on an assessment of the taxpayer's intentions behind a transaction or arrangement. Given the subjective nature of the PPT, its inclusion into tax treaties, coupled with heightened monitoring of treaty relief applications by revenue authorities with a view to protect the tax base, is expected to result in increased cross-border tax controversies.

Denials of treaty benefits will result in unanticipated tax costs for the claimant and the withholding agent. Taxpayers should actively review the sustainability of their existing cross-border arrangements or transactions, specifically whether one of the principal purposes of the arrangements or transactions is to secure a treaty benefit in a manner that is contrary to the object and purpose of the tax treaty, and strengthen their case so as to preserve their rights to claim the treaty benefits.

On a positive note, with Singapore's adoption of the mandatory binding arbitration provisions, there will be alternative dispute resolution mechanism for about a quarter of our covered tax agreements if the competent authorities are unable to reach agreement in a timely manner. Taxpayers should also consider advance pricing agreements and tax rulings to minimise cross-border tax controversies and to get upfront certainty.

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<td>7 August 2018</td>
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<td>Income tax treatment arising from adoption of Financial Reporting Standard 115 (FRS 115) - revenue from contracts with customers</td>
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**Goods and Services Tax (GST)**

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<td>19 March 2018</td>
<td>GST: guide for property developer (third edition)</td>
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### Agreements for Avoidance of Double Taxation (DTAs) signed or ratified from 1 January 2018 to 30 November 2018

#### DTAs signed
- **28 August 2018**  Singapore – Gabon
- **12 June 2018**  Singapore – Kenya
- **7 May 2018**  Singapore – Brazil
- **27 February 2018**  Singapore – Tunisia

#### DTAs ratified
- **3 August 2018**  Singapore – Latvia (Second Protocol)
- **3 August 2018**  Singapore – Nigeria
Business Tax Services

EY's 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 will help you address your global tax controversy, enforcement and disclosure needs. In addition, support for pre-filing controversy management can help you properly and consistently file returns and prepare relevant backup documentation. Our professionals leverage the network’s collective knowledge of how tax authorities operate and increasingly work together to help resolve controversy and pre-filing controversy issues.

Quantitative Services

EY's Quantitative Services network offers a scalable set of services to assist clients with analysing tax opportunities, typically related to large data sets, systematically and efficiently. This helps clients identify multi-country tax regulations and the benefits that can be attained. Our services can include assistance with:

- Accounting methods and inventory – advising on the application of tax rules and regulations related to income and expense recognition
- Research incentives – identifying tax incentives associated with a company’s qualifying research investments
- Flow through – tax planning and advice related to partnerships, joint ventures and other tax flows-through legal entities
- Capital assets and incentives – our technological capabilities help streamline fixed asset analysis and identify tax deductions

These approaches can help clients improve cash flow, plan for cash tax and effective tax rates in upcoming years, and create refund opportunities. Our process improvements can help streamline tax compliance.

Private Client Services

EY’s Private Client Services offers tax-related domestic and cross-border planning and compliance assistance to business-connected individuals and their associated entities. In addition, in today’s global environment, cross-border services can help meet the ever-growing needs of internationally positioned clients. Our dedicated resources in major markets around the world serve 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.

We have experience working with individuals and companies of all sizes across many aspects of the tax life cycle – planning, provision, compliance and controversy.

Business Tax Advisory Services

EY Business Tax Advisory practice combines technical skills with practical, commercial and industry knowledge to give you advice tailored to your business needs. Our tax professionals bring you their deep understanding of tax issues.

We can help you reduce inefficiencies, mitigate risk and make the most of opportunities, building sustainable tax strategies that can help your business succeed.

Tax Technology and Transformation Services

EY’s Tax Technology and Transformation (TTT) is a global practice that better connects the 1,000+ professionals focused on helping organisations meet their tax operating and compliance challenges whilst redefining their tax function for the digital age, whether full-scale transformation or strategic incremental improvements. TTT brings together a new breed of tax professionals, specialising in technology and innovation, along with operational and transformation strategy. The TTT team will help accelerate your ability to deliver on a tax function that is cost-effective whilst it keeps pace with escalating trends toward business globalisation, digital tax administration/ regulation, transparency and technology.

Global Compliance and Reporting

Our Global Compliance and Reporting (GCR) 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:

- Business tax compliance services
- Tax accounting and risk advisory services
- Corporate services (which comprise company secretarial and accounting support)
- Payroll services

Business Tax Compliance Services

Compliance and reporting make huge demands on tax and finance functions today. So how do you reduce risk and inefficiencies and improve value cost-effectively? Our market-leading approach combines a standard global compliance process and tools with extensive local compliance and accounting experience, giving you the access, visibility and control you want. In one country or many, you can benefit from an integrated, consistent, flexible quality service with tax compliance, statutory accounts preparation and tax accounting calculation support. This can enhance your compliance function whilst improving efficiencies across your financial supply chain.

Tax Accounting and Risk Advisory Services

To help you meet the challenges of today’s complex business environment, including demands for more transparency and greater tax department effectiveness, we provide assistance in three key areas:

- Tax accounting: under IFRS and local GAAP
- Tax function performance: improving organisational strategy, processes, and data and systems effectiveness
- Tax risk: identifying, prioritising, monitoring and remediating risk

Our talented people, consistent global methodologies and tools, and unwavering commitment to quality service can help you build strong compliance and reporting foundations, sustainable organisational strategies and effective risk management protocols to help your business succeed.

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 secretarial: 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: We provide broad 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 providing 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.

Indirect Tax Services

Global Trade

In today’s global economy, moving goods across borders can be complex and costly. More than ever before, effective management of customs and international trade issues is crucial to maintaining a competitive advantage.

EY’s customs and international trade professionals can help you manage costs and reduce the risk of penalties and significant supply chain disruption. 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.

We develop proactive, pragmatic and integrated strategies that can help you address the challenges of doing business in today’s global environment and help your business succeed.

GST Services

Indirect taxes affect the supply chain and the financial system. They can have significant impacts on cash flow, absolute costs and risk exposures. Our network of dedicated indirect tax professionals combines technical knowledge with industry understanding and access to technologically advanced tools and methodologies. We identify risk areas and sustainable planning opportunities for indirect taxes throughout the tax life cycle, helping you meet your compliance obligations and your business goals around the world. We can provide you with effective processes to help improve day-to-day reporting, reduce attribution errors and costs, and make certain indirect taxes are handled correctly in transactions. Our globally integrated teams will give you the perspective and support you need to manage indirect taxes effectively.

International Tax Services

International Tax Services

Executives are constantly looking to align their global tax position with their overall business strategy. We can help you manage your tax responsibilities by leveraging the global EY network of dedicated international tax professionals – working together to help you manage global tax risks, meet cross-border reporting obligations and deal with transfer pricing issues.

EY’s multidisciplinary teams can help you assess your strategies, assisting with international tax issues, from forward planning through reporting, to maintaining effective relationships with the tax authorities. We can help you build proactive and integrated global tax strategies that address the tax risks of today’s businesses 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 you 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 restructuring, systems implications, transfer pricing, direct and indirect tax, customs, human resources, finance and accounting. We can help you build and develop the structure that makes sense for your business, improve your processes and manage the cost of trade.

People Advisory Services

As the world continues to be impacted by globalisation, demographics, technology, innovation and regulation, organisations are under pressure to adapt quickly and build agile people cultures that respond to these disruptive forces. EY People Advisory Services believes a better working world is helping our clients harness their people agenda – the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

We work globally and collaborate to bring you professional teams to address complex issues relating to organisation transformation, end-to-end employee lifecycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

Transaction Tax Services

Every transaction has tax implications, whether it’s an acquisition, disposal, refinancing, restructuring or initial public offering. Understanding these implications can mitigate transaction risk, enhance opportunity and provide crucial negotiation insights. Transaction Tax Services comprises a worldwide network of professional advisors who can help you navigate the tax implications of your transaction.

We mobilise wherever needed, assembling personalised, highly integrated global team, to work with you throughout the transaction life cycle, from initial due diligence through post-deal implementation. And we can suggest structuring alternatives to balance investor sensitivities, promote exit readiness and raise opportunities for improved returns.
If you would like to know more about our services or the issues discussed, please contact our Singapore Tax Partners, Executive Directors and Directors below.

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Tax thought leadership

We aim to give you insights on the tax issues that matter in today's fast-changing business environment. To find out how these tax issues impact your business, read You and the Taxman.

Past issues of You and the Taxman can be downloaded from www.ey.com/sg/yatt
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