



Singapore

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2006
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR, MF, LF implemented
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<ul style="list-style-type: none"> • Master File: Paras 6.9, 6.10, 6.11, 6.14 and 6.15 of the Singapore TP Guidelines. • Local File: Paras 6.9, 6.12, 6.13, 6.14 and 6.15 of the Singapore TP Guidelines. • CbCR: Para 6.9 of the Singapore TP Guidelines and IRAS e-tax Guide on CbCR, first released on 10 October 2016 and updated (2nd edition) issued on 11 July 2017.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	Chapter 6 (Paras 6.1 to 6.22) of the Singapore TP Guidelines contains detailed guidance on TP documentation.

2. Master File (MF)	Yes
<p>What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?</p>	<p>TP documentation needs to be maintained where related-party transactions (excluding any amounts exempt – refer "Exemptions") for the current financial year equal or exceed thresholds below.</p> <ul style="list-style-type: none"> • Purchase of goods from related parties – SGD 15 million (EUR 9,474,022) • Sale of goods to related parties – SGD15 million • Loans owed to related parties – SGD 15 million • Loans owed by related parties – SGD 15 million • All other categories of related party transactions – SGD 1 million (EUR 631,601), e.g. <ul style="list-style-type: none"> - Service income - Service expense - Royalty income - Royalty expense - Rental income - Rental expense - Guarantee income - Guarantee expense <p>The SGD 1 million threshold is determining separately by aggregating each category of related-party transaction.</p> <p>Exemptions: The IRAS has provided administrative concessions for the following cases, where TP documentation need not be maintained.</p> <ul style="list-style-type: none"> • Transactions with domestic related parties (excluding related-party loans) where both parties are subject to the same Singapore tax rates • Domestic related-party loans (where the lender is not in the business of borrowing and lending) • Routine low-value added services where the 5% cost mark-up safe harbour is applied • Related-party loans where the indicative margin safe harbour is applied • Related-party transactions covered by an APA
Euro Equivalent	EUR 15,000,000
As from which year does this obligation exist?	As from the year in which the threshold is met (so that the Master File is prepared for the year in which the threshold was met or exceeded). Singapore TP documentation requirements should be practically applicable to taxpayers from FY2014 onwards.
When does the Master File need to be available?	TP documentation should be prepared on a contemporaneous basis. IRAS does not require taxpayers to submit the TP documentation when they file their tax returns. Taxpayers should keep their TP documentation and submit it to IRAS within 30 days upon request.
When does it need to be submitted?	30 days upon request
Does the MF have to be prepared in the relevant local language ?	No. IRAS may request for translation of any TP documentation not written in English.
Is documentation in English permissible?	Yes
What are the possible consequences of not having the MF available?	
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No

<p>To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?</p>	<p>Largely consistent with OECD requirements, except below. Description of group's lines of businesses: • Singapore TP Guidelines: Description of all group lines of businesses, products and services, as relevant to Singapore taxpayer. • OECD: Description of group's five largest products/services by turnover and those products/services amounting to more than 5% of group turnover. Industry overview: • Singapore TP Guidelines: Description of industry, market and regulatory factors relevant to the group. • OECD: none Group intangibles/R&D arrangements: • Singapore TP Guidelines: A listing of group intangibles and the related parties owing them. • OECD: Significant additional disclosures including description of the group strategy for IP development/ownership/ exploitation, R&D locations, key intercompany arrangements, TP policies and IP transfers during the year. Group financing arrangements: • Singapore TP Guidelines: Description of financing arrangements between related parties. • OECD: Additional disclosures such as details of key third party financing arrangements, specific central financing function within the group etc. Group financial position: • Singapore TP Guidelines: Group financials, as relevant to the Singapore's taxpayer's line of businesses. • OECD: Group's consolidated financial position.</p>
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3. Local File (LF)	Yes
What is the threshold requirement for the obligation to prepare a LF?	Same as above
Euro Equivalent	EUR 15,000,000
As from which year does this obligation exist?	Same as for MF
When does the LF need to be available?	Same as for MF
When does the LF need to be submitted?	Same as for MF
Does the LF have to be prepared in the relevant local language?	No
Or is documentation in English permissible?	Yes
What are the possible consequences of not having the LF available?	
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	SGD 1,125 million (approximately EUR 750 million)
Euro Equivalent	EUR 750.000.000

As from which year does this CbCR obligation exist?	If the threshold is met in the preceding financial year (so that CbCR is prepared for the following year in which the threshold was met or exceeded). CbCR is first to be prepared for financial years beginning on or after 1 January 2017 (but before 1 January 2018). For the transition period beginning on/after 1 January 2016 (FY2016) when some jurisdictions begin implementing CbCR, reporting entities of affected Singapore-headquartered groups may voluntarily file a CbC Report.
When and how do the tax authorities need to be notified who the reporting entity is?	Not specified. The ultimate parent entity of a multinational group that is tax resident in Singapore will be required to file a CbC Report from FY2017 onwards for all entities in the group.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	12 months from the end of the financial year to which CbCR relates
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No
Does your country have a requirement that the financial years of the group need to be aligned with?	Yes. Information in the CbCR should reflect on a consistent basis either: (a) Information for the fiscal year of relevant group entities ending on the same date as the fiscal year of the reporting entity, or ending within the 12-month period preceding such date (e.g. if CbCR is for reporting entity's FYE 31 December 2017, financial information of group entities having FYE 31 March 2017, 30 Sep 2017 and 31 Dec 2017 would be included); OR (b) Information for relevant group entities for the fiscal year of the reporting entity (e.g. if CbCR is for reporting entity's FY 1 Jan 2017 - 31 Dec 2017, financial information of group entities for that same period be included. This can be done by directly identifying financial information of group entities for the period 1 Jan 2017 – 31 Dec 2017).
Where is the CbCR to be submitted ?	IRAS is developing an IT system to collect CbCR information. Details on mode of submission will be released at a later date.
How is the CbCR to be submitted, specifically, is there any prescribed standard?	In accordance with the CbCR XML Schema prescribed by the OECD Guidelines and the IRAS' supplementary instructions.
What are the possible consequences of not having the CbCR available?	
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	No
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Consistent with OECD requirements
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	Yes
Please specify the country involved and date the agreement came into force.	Singapore has TIEAs or has included information exchange provisions in its DTAs (double tax agreements) with most treaty partners.

5. TP disclosure in tax return or transfer pricing specific returns

<p>Does a taxpayer need to disclose information regarding TP documentation in his tax return?</p>	<p>Yes. From Year of Assessment 2018 (FY2017) onwards, taxpayers must report certain details of related party transactions if the value of such transactions in the audited accounts for the financial year exceeds SGD 15 million. The value of related party transactions is defined as the sum of all local and cross-border related-party transaction items (i) in the income statement and (ii) the year-end balances of loans and non-trade amounts. The below categories of related party transactions are to be reported in the form:</p> <ul style="list-style-type: none"> • Sales and purchases of goods • Services income and expense • Royalty and licence fee income and expense • Interest income and expense • Other income and expense • Year-end balances of loans and non-trade amounts <p>Where a company has cross-border related party sales or purchases of goods/services, it has to list the top 5 foreign related parties that it transacts with (by value of sales or purchases respectively) and provide entity details including entity names, countries, relationship and amounts transacted.</p>
<p>What would be the filing deadline?</p>	<p>The form for reporting related-party transactions would need to be submitted together with Form C of the tax return. The annual filing deadline for Form C is 30 November (for paper file) and 15 December (for e-filing).</p>
<p>When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?</p>	<p>The form for reporting related-party transactions is part of Form C of the tax return. This form is expected to provide IRAS with relevant information to assess companies' transfer pricing risks and to improve enforcement of the arm's length requirement. Penalties may be imposed for non-filing or incorrect filing of Form C. In cases where the error/omission/discrepancy in the tax return was made without any intention to evade taxes,</p> <ul style="list-style-type: none"> • Penalty up to 200% of the amount of tax undercharged; • Fine of up to SGD 5,000; and/or • Imprisonment of up to 3 years. <p>In cases where the error/omission/discrepancy in the tax return was made with intention to evade taxes,</p> <ul style="list-style-type: none"> • Penalty of up to 400% of the amount of tax undercharged; • Fine of up to SGD 50,000; and/or • Imprisonment up to five years. <p>The IRAS will consider individual circumstances (e.g. negligence, compliance history, co-operation during audits, future commitment to compliance etc.) when deciding the penalty only in cases where there is no evidence of any intention to evade taxes.</p>
<p>What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?</p>	<p>The IRAS and takes a serious view of offences by errant tax agents. The IRAS has stated that it will take deterrent actions (e.g. penalties/fines/imprisonment) against tax agents who deliberately facilitate their clients' under-declaration of taxes, assist in falsifying records or provide objectionable tax advice to clients. The IRAS will treat any voluntary disclosures of errors in tax returns as mitigating factors and impose lower penalties.</p>
<p>Does a taxpayer need to file TP-specific returns?</p>	<p>No</p>

6. Benchmarking	
<p>Is there any local guidance or requirement with regard to the preparation of a benchmark study?</p>	<p>Yes. TP benchmarking is to be included as part of the Local File and should contain:</p> <ul style="list-style-type: none"> • Choice of TP method/tested party and reasons for the same • Details of comparables chosen and screening criteria employed • Comparability analysis of related-party transactions/tested party and the comparables • Details (and reasons for) any comparability adjustments made • Arm's length price/margin, with detailed computations and any assumptions made • Details/reasons to support arm's length range used • Segmented financial accounts showing operating results of tested party (in respect of tested transaction), including explanations of assumptions used if any. <p>Factors to be considered when selecting external comparables:</p> <ul style="list-style-type: none"> • Databases: IRAS does not have a preference for any particular commercial database as long as it provides a reliable source of information • Comparables with publicly available information: Taxpayers should only use comparables with publicly available information. IRAS has a preference for listed comparables. • Non-local comparables: The IRAS has a preference for local comparables. When taxpayers are unable to find sufficiently reliable local comparables, they may expand their search to regional comparables. • Loss-generating comparables: Comparables should be excluded if they have (a) weighted average loss for the tested period; and/or (b) loss incurred for more than half of the tested period.
<p>Are there any materiality thresholds that apply for the requirement to have a benchmark study available?</p>	<p>Yes. The benchmarking analysis forms part of the Local File. The same thresholds that apply for TP documentation as in 2.1 above apply.</p>
<p>Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?</p>	<p>Yes</p>
<p>Or is a new search every three years without any financial updates in year 2 and 3 sufficient?</p>	<p>No</p>

7. Year-end adjustments	
<p>Are year-end adjustments permissible?</p>	<p>Yes</p>
<p>Does the taxpayer have to comply with any specific features or guidance?</p>	<p>Yes. Taxpayers may make year-end adjustments to report arm's length results in the tax return, even if they differ from actual financial results. The IRAS will accept year-end adjustments when following conditions are met:</p> <ul style="list-style-type: none"> (a) Contemporaneous TP documentation/analyses to establish arm's length prices have been maintained; (b) Year-end adjustments are made symmetrically in the accounts of all affected related parties; and (c) Year-end adjustments are made before filing of tax returns. <p>Even where the IRAS has accepted year-end adjustments, it is not precluded from conducting TP audits or making subsequent TP adjustments. Where the conditions are not met, upward adjustments will be subjected to tax however downward adjustments will not be allowed.</p>

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Detailed TP Guidelines having been introduced in Singapore only in 2015, the IRAS are in their first couple of years of TP audit. All intercompany transactions (regardless of whether or not they exceed the specified threshold value for TP documentation) are queried although management fees and intercompany financing tend to be accorded special scrutiny.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	<p>Bilateral/multilateral APAs are available to Singapore resident taxpayers normally for a period of 3 to 5 years and for 2 prior/roll-back years). Taxpayers must:</p> <ul style="list-style-type: none"> • Comply with all requirements pertaining to pre-filing meetings/application processes • Provide access to TP documentation • Maintain relevant documents and file annual compliance reports to demonstrate compliance with the terms and conditions of the APA agreement together with the income tax returns • Should notify IRAS and relevant foreign competent authority of any breach of the APA conditions as early as possible • Inform IRAS and relevant foreign competent authorities if the matter is adjudicated through legal/ judicial proceedings while the APA process is still ongoing • Provide an impact analysis and proposed course of action to facilitate the competent authorities' evaluation and discussion. <p>Notwithstanding the APA process, the IRAS is not precluded from conducting an audit on the taxpayer if there is non-compliance with Singapore tax law.</p>

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