Budget Seminar 2014
13 March 2014
Budget 2014 overview

Presented by

Mrs Chung-Sim Siew Moon
Partner and Head of Tax Services
Budget 2014 is about …

Achieving quality growth and building an inclusive society
Achieving quality growth

Accelerating momentum of economic transformation

► The “stick”: Foreign labour restrictions
► The “carrots”: Wage Credit and Productivity and Innovation Credit (PIC) schemes
Productivity

Productivity is at the front and centre of our economic transformation

► Extension of PIC scheme for another three years
► PIC+ scheme for SMEs
► Extension of R&D measures
Tax simplification

- Allowing the tax deferral option under the PIC scheme to lapse
- Waiving the withholding tax requirement for payments made to Singapore branches
- Allowing the Investment Allowance scheme for aircraft rotables to lapse
- Treating Basel III Additional Tier I instruments as debt for tax purposes
- Removing transfers of qualifying deductions and deficits between spouses
- Streamlining stamp duty
Building an inclusive Budget

Pioneer Generation Package – a lesson in prudence

Other personal tax reliefs
What was missing in the Budget
Budget 2014: Corporate tax measures I

Presented by
Mrs Chung-Sim Siew Moon
Partner and Head of Tax Services
Agenda

► Corporate income tax rate
► Extending and enhancing the Land Intensification Allowance scheme
► Waiving the withholding tax requirement for payments made to Singapore branches
► Allowing the Investment Allowance scheme for aircraft rotables to lapse
► Streamlining stamp duty
Corporate income tax rate
(Page 7 of Budget Synopsis)

Current

► Corporate income tax rate: 17%
► Partial tax exemption on first S$300,000 of normal chargeable income:
  ▶ 75% tax exemption for up to the first S$10,000
  ▶ 50% tax exemption for up to the next S$290,000
► Corporate tax rebate at 30% of corporate income tax payable, capped at S$30,000 per year of assessment (YA) from YA 2013 to YA 2015
Corporate income tax rate
(Page 7 of Budget Synopsis)

Proposed

► No reduction in corporate income tax rate
► Partial tax exemption remains as before
► Corporate tax rebate for YA 2013 to YA 2015 remains
Corporate income tax rate
(Page 7 of Budget Synopsis)

Points of view
► Rate maintained since YA 2010
► Effective tax rate can be reduced by:
  ► Full and/or partial tax exemption
  ► Various tax incentive schemes such as:
    ► Pioneer incentives, HQ incentives, Global Trader Programme, Development and Expansion Incentive, etc. where concessionary rates range from 0% to 15%
    ► Investment Allowances scheme
  ► Enhanced or double tax deduction on certain expenses
  ► Productivity and Innovation Credit (PIC) scheme
Corporate income tax rate
(Page 7 of Budget Synopsis)

► Hong Kong’s prevailing corporate tax rate: 16.5%
► How does this compare to Singapore:

<table>
<thead>
<tr>
<th>Chargeable income (S$)</th>
<th>Exempt income (S$)</th>
<th>Income subject to tax (S$)</th>
<th>Tax at 17% (S$)</th>
<th>Tax rebate at 30% (S$)</th>
<th>Tax payable (S$)</th>
<th>Effective tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000</td>
<td>(7,500)a</td>
<td>2,500</td>
<td>425</td>
<td>(128)</td>
<td>297</td>
<td></td>
</tr>
<tr>
<td>290,000</td>
<td>(145,000)b</td>
<td>145,000</td>
<td>24,650</td>
<td>(7,395)</td>
<td>17,255</td>
<td></td>
</tr>
<tr>
<td>300,000</td>
<td>(152,500)</td>
<td>147,500</td>
<td>25,075</td>
<td>(7,523)</td>
<td>17,552</td>
<td>5.85%</td>
</tr>
<tr>
<td>10,885,000</td>
<td>-</td>
<td>-</td>
<td>1,850,450</td>
<td>(22,477)c</td>
<td>1,827,973</td>
<td></td>
</tr>
<tr>
<td>11,185,000</td>
<td>(152,500)</td>
<td>11,032,500</td>
<td>1,875,525</td>
<td>(30,000)c</td>
<td>1,845,525</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

(a) 75% tax exemption for up to the first S$10,000 of chargeable income
(b) 50% tax exemption for up to the next S$290,000 of chargeable income
(c) 30% corporate tax rebate on tax payable capped at S$30,000 for each YA from YA 2013 to YA 2015
Extending and enhancing the Land Intensification Allowance scheme (Page 22 of Budget Synopsis)

Current

► Available for approved businesses that incur qualifying capital expenditure on the construction, renovation or extension of a qualifying building or structure, subject to certain criteria, e.g., meet Gross Plot Ratio (GPR) benchmark, qualifying activities, etc.
  ► Initial allowance: 25%
  ► Annual allowance: 5%

► Qualifying period: 1 July 2010 to 30 June 2015
Extending and enhancing the Land Intensification Allowance scheme (Page 22 of Budget Synopsis)

Current

► For an existing building or structure, the LIA is only available to owners or buyers
  ► Who incur additional capital expenditure to renovate or extend the building or structure to increase GPR
  ► Where new GPR of the building or structure meets or exceeds the relevant GPR benchmark
Proposed

► Qualifying period extended to 30 June 2020

► Extended to the logistics sector and businesses carrying out qualifying activities on airport and port land

► New condition:
  ► Existing buildings that have already met or exceeded the GPR benchmark to meet a minimum incremental GPR criterion of 10%

More details by end May 2014
Points of view

► Encourage optimal land use by businesses in land scarce Singapore
► Provide certainty and encourage businesses to plan for the longer term
► Inclusion of the logistics sector in the LIA scheme is in line with the Government’s effort to promote the development of a logistics hub in Singapore
Extending and enhancing the Land Intensification Allowance scheme (Page 22 of Budget Synopsis)

Points of view

► Clarification required:
  ► How to calculate the minimum incremental GPR criterion of 10%?
Example

► Spend S$10m in additional capital expenditure on extending an existing building (which qualifies for LIA)

Existing building

► GPR e.g. 1.69 (benchmark) and actual is 1.75

Q: Does the S$10 m qualify for LIA?

After extension:

► New GPR e.g. 1.86* Yes/No?
► New GPR e.g. 1.93* Yes?

* Clarification required
### Extending and enhancing the Land Intensification Allowance scheme (Page 22 of Budget Synopsis)

#### Possibility 1
- Site area did not change

#### Possibility 2

<table>
<thead>
<tr>
<th></th>
<th>Existing building</th>
<th>Extension</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site area</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>Gross floor area</td>
<td>1,750</td>
<td>180</td>
<td>1,930 *</td>
</tr>
<tr>
<td>GPR</td>
<td>1.75</td>
<td>N/A</td>
<td>1.93 *</td>
</tr>
</tbody>
</table>

^ GPR benchmark

* GPR benchmark
**Extending and enhancing the Land Intensification Allowance scheme** (Page 22 of Budget Synopsis)

<table>
<thead>
<tr>
<th>Possibility 1</th>
<th>Possibility 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site area changed</strong></td>
<td><strong>Site area changed</strong></td>
</tr>
<tr>
<td><strong>Total gross floor area over total site area?</strong></td>
<td><strong>Gross floor area of extension over site area of extension?</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Site area</strong></td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Gross floor area</strong></td>
<td>2,000</td>
</tr>
<tr>
<td><strong>GPR</strong></td>
<td>2.00</td>
</tr>
</tbody>
</table>

^ GPR benchmark
Waiving the withholding tax requirement for payments made to Singapore branches (Page 20 of Budget Synopsis)

Current

► Persons making payments to non-residents that fall under the scope of s12(6) and s12(7) of the Singapore Income Tax Act are required to withhold tax on the payments – includes payments to Singapore branches of non-resident companies

► A Singapore branch of a non-resident company may apply for waiver of withholding tax on income paid to it, subject to meeting stipulated conditions

► Absence of waiver – excess tax withheld will be refunded after submission of tax return and determination of tax liability
Proposed

- Persons making payments to Singapore branches of non-resident companies will no longer need to withhold tax on s12(6) and s12(7) payments
- Singapore branches of non-resident companies will continue to be assessed for income tax based on their annual tax returns
- Change will take effect for all payment obligations that arise on or after 21 February 2014
Waiving the withholding tax requirement for payments made to Singapore branches (Page 20 of Budget Synopsis)

Points of view

► Tax simplification – prior to proposed change, only Singapore branches of approved banks or other branches which has obtained a waiver from the Inland Revenue Authority of Singapore (IRAS)

► For Singapore branches (registered with the Accounting and Corporate Regulatory Authority of Singapore (ACRA)):
  ► Ease cash flow
  ► Remove administrative burden of tracking the withholding tax suffered

► For payers:
  ► Reduce administrative burden and compliance costs of tracking payments to Singapore branches that are sensitive to withholding tax
Waiving the withholding tax requirement for payments made to Singapore branches (Page 20 of Budget Synopsis)

Points of view

► Branches versus permanent establishment (PE)
  ► Company A was engaged by a Singapore company to provide technical services in Singapore for a period of 280 days
  ► Assume that a PE of Company A will be created in Singapore
  ► Company A may choose to register a Singapore branch to provide the technical services
**Simplified example**

<table>
<thead>
<tr>
<th>Paid to</th>
<th>Paid to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Singapore PE</td>
</tr>
<tr>
<td></td>
<td>(S$)</td>
</tr>
<tr>
<td>Taxable revenue</td>
<td>100.00</td>
</tr>
<tr>
<td>Deductible expenses</td>
<td>(80.00)</td>
</tr>
<tr>
<td>Chargeable income</td>
<td>20.00</td>
</tr>
<tr>
<td>Tax payable at 17%</td>
<td>3.40</td>
</tr>
<tr>
<td>Tax withheld</td>
<td>17.00</td>
</tr>
<tr>
<td>Tax to be discharged</td>
<td>(13.60)</td>
</tr>
<tr>
<td>Cash received from revenue</td>
<td>83.00</td>
</tr>
<tr>
<td>Cash paid for expenses</td>
<td>(80.00)</td>
</tr>
<tr>
<td>Net cash flow (before tax)</td>
<td>3.00</td>
</tr>
<tr>
<td>Tax to be discharged / (paid)</td>
<td>13.60</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>16.60</td>
</tr>
</tbody>
</table>
Allowing the Investment Allowance scheme for aircraft rotables to lapse  
(Page 26 of Budget Synopsis)

**Current**

► Investment Allowance scheme for aircraft rotables first introduced on 10 September 2004 for a five year period – encourage increase in productive capacity of maintenance, repair and overhaul (MRO) companies

► Extended and enhanced in Budget 2010 – 1 April 2010 to 31 March 2015

► Qualifying and approved capital expenditure – investment allowance of up to 50% of the fixed capital expenditure in addition to capital allowances
Proposed

► Investment Allowance scheme for aircraft rotables to lapse after 31 March 2015

Points of view

► Indicative of the:
  ► Maturity of the aerospace MRO industry
  ► Success of Singapore’s effort to be the regional aerospace hub
  ► Progress to focus on other areas of the aerospace industry – e.g., design, R&D etc.
Allowing the Investment Allowance scheme for aircraft rotables to lapse (Page 26 of Budget Synopsis)

Points of view

► Tax simplification

► Capital expenditure may still be able to qualify for Investment Allowance:
  ► Qualifying projects
    ► Provision of specialised engineering or technical services
    ► R&D
    ► Development or production of any industrial design, etc.
  ► Qualifying amount
    ► Investment allowance of up to a specified percentage not exceeding 100% of the fixed capital expenditure in addition to capital allowances
Streamlining stamp duty
(Page 50 of Budget Synopsis)

Lease duty $^a$

<table>
<thead>
<tr>
<th>Lease period</th>
<th>Current Stamp duty rates</th>
<th>Proposed Stamp duty rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to one year</td>
<td>S$1 for every S$250 or part thereof of the average annual rent</td>
<td>Up to four years</td>
</tr>
<tr>
<td>Exceeding one year but not</td>
<td>S$2 for every S$250 or part thereof of the average annual rent</td>
<td>0.4% of the total rent for the period of the lease</td>
</tr>
<tr>
<td>exceeding three years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceeding three</td>
<td>S$4 for every S$250 or part thereof of the average annual rent</td>
<td>Exceeding four years or for any indefinite term</td>
</tr>
<tr>
<td>years or for any indefinite</td>
<td></td>
<td>0.4% of four times of the average annual rent</td>
</tr>
<tr>
<td>term</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Applies only to leases where the average annual rent exceeds S$1,000

Note: All duties will be rounded down to the nearest dollar subject to a minimum duty of S$1
Streamlining stamp duty
(Page 50 of Budget Synopsis)

Buyer’s stamp duty on immovable properties

<table>
<thead>
<tr>
<th>Purchase price or market value (whichever is higher)</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>First S$180,000</td>
<td>S$1 for every S$100 or part thereof</td>
<td>1%</td>
</tr>
<tr>
<td>Next S$180,000</td>
<td>S$2 for every S$100 or part thereof</td>
<td>2%</td>
</tr>
<tr>
<td>Remainder</td>
<td>S$3 for every S$100 or part thereof</td>
<td>3%</td>
</tr>
</tbody>
</table>
Streamlining stamp duty
(Page 50 of Budget Synopsis)

Share transfer duty

<table>
<thead>
<tr>
<th>Type of instrument</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of stock or shares</td>
<td>S$0.20 for every S$100 or part thereof of the purchase price or market value of the stock or shares transferred, whichever is higher</td>
<td>0.2% of the purchase price or market value of the stock or shares transferred, whichever is higher</td>
</tr>
</tbody>
</table>
Streamlining stamp duty
(Page 50 of Budget Synopsis)

**Mortgage duty a**

<table>
<thead>
<tr>
<th>Type of instrument</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>S$4 for every S$1,000 or part thereof</td>
<td>0.4%</td>
</tr>
<tr>
<td>Equitable mortgage</td>
<td>S$2 for every S$1,000 or part thereof</td>
<td>0.2%</td>
</tr>
<tr>
<td>Variation to mortgage</td>
<td>S$4 for every S$1,000 or part thereof</td>
<td>0.4%</td>
</tr>
<tr>
<td>Transfer, assignment or disposition of any mortgage or debenture</td>
<td>S$2 for every S$1,000 or part thereof</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

(a) Mortgage duty rates are subject to a maximum duty payable of S$500
Streamlining stamp duty
(Page 50 of Budget Synopsis)

Points of view

► Tax simplification
► Equitable – lease duty is consistent across leases of varying tenures
► There is no substantial difference in calculating the stamp duties on:
  ► Buyer’s stamp duty on immovable properties
  ► Share transfer duty
  ► Mortgage duty
► The main difference arises in the calculation of lease duty
### E.g., Lease duty for a monthly rent of S$2,900

<table>
<thead>
<tr>
<th>Lease period</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>S$[(2,900 x 12)/ 250] x 1 = <strong>S$140</strong></td>
<td>S$((2,900 x 6) x 0.4%) = <strong>S$69</strong> (rounded down)</td>
</tr>
<tr>
<td>1 year</td>
<td>S$[(2,900 x 12)/ 250] x 1 = <strong>S$140</strong></td>
<td>S$((2,900 x 12) x 0.4%) = <strong>S$139</strong> (rounded down)</td>
</tr>
<tr>
<td>18 months</td>
<td>S$[(2,900 x 12)/ 250] x 2 = <strong>S$280</strong></td>
<td>S$((2,900 x 18) x 0.4%) = <strong>S$208</strong> (rounded down)</td>
</tr>
<tr>
<td>3 years</td>
<td>S$[(2,900 x 12)/ 250] x 2 = <strong>S$280</strong></td>
<td>S$((2,900 x 36) x 0.4%) = <strong>S$417</strong> (rounded down)</td>
</tr>
<tr>
<td>37 months</td>
<td>S$[(2,900 x 12)/ 250] x 4 = <strong>S$560</strong></td>
<td>S$((2,900 x 37) x 0.4%) = <strong>S$429</strong> (rounded down)</td>
</tr>
<tr>
<td>5 years</td>
<td>S$[(2,900 x 12)/ 250] x 4 = <strong>S$560</strong></td>
<td>S$((2,900 x 12) x 0.4% x 4) = <strong>S$556</strong> (rounded down)</td>
</tr>
</tbody>
</table>
E.g., Lease duty for a monthly rent of S$2,900
Agenda

- Extending the Productivity and Innovation Credit (PIC) scheme
- Introducing PIC+ for SMEs
- Extending PIC benefits to training of individuals under centralised hiring arrangements
- Extending the R&D tax measures
- Extending and refining the s19B Writing Down Allowance scheme
- Refining the three-local-employees condition for PIC cash payout
- Extension of tax deduction scheme for registration costs of intellectual property
- Allowing the tax deferral option under the PIC scheme to lapse
Extending the PIC scheme
Extending the PIC scheme
(Page 9 of Budget Synopsis)

The PIC scheme confers enhanced tax deductions for qualifying expenditure incurred per year of assessment (YA) in each of the following six activities:

- Acquisition or leasing of IT and automation equipment
- Training of employees
- Acquisition or in-licensing of intellectual property rights (IPRs)
- Registration of IPRs
- R&D* activities
- Design projects in Singapore

* Need not be related to existing trade or business (for R&D done in Singapore)

- 400% for first S$400,000 incurred per activity per YA
- 150% (for R&D) or 100% (for the rest) for the balance expenditure
Extending the PIC scheme
(Page 9 of Budget Synopsis)

Current  PIC scheme available for
          YA 2011 to YA 2015

Proposed PIC scheme extended until YA 2018
Further points to note:

► Combined expenditure cap of S$1.2m for each of the qualifying activities across YA 2016 to YA 2018

► Claim must be net of grants and subsidies provided by the Government or any statutory board

► Cash conversion option continues to be available
Introducing PIC+ for SMEs
(Page 10 of Budget Synopsis)
### Introducing PIC+ for SMEs

**(Page 10 of Budget Synopsis)**

<table>
<thead>
<tr>
<th></th>
<th>PIC scheme (Existing)</th>
<th>PIC+ scheme (New)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applies to</strong></td>
<td>All businesses</td>
<td>Qualifying SMEs*</td>
</tr>
<tr>
<td><strong>Duration of scheme</strong></td>
<td>YA 2011 to YA 2018</td>
<td>YA 2015 to YA 2018</td>
</tr>
<tr>
<td><strong>Expenditure cap per qualifying activity per YA</strong></td>
<td>S$400,000</td>
<td>S$600,000</td>
</tr>
<tr>
<td><strong>Enhanced tax deduction</strong></td>
<td>400%</td>
<td>400%</td>
</tr>
<tr>
<td><strong>What qualifies</strong></td>
<td>Six PIC qualifying activities</td>
<td>Six PIC qualifying activities</td>
</tr>
</tbody>
</table>

* An entity is a qualifying SME if:
  (a) Its annual turnover is not more than S$100m
  **Or**
  (b) Its employment size is not more than 200 workers

This criterion will be applied at the group level if the entity is part of a group.
Introducing PIC+ for SMEs: policy intent
(Page 10 of Budget Synopsis)

**Large SMEs**

- 15% of PIC claimants: SMEs with turnover S$10m to S$100m (YA 2012)
- PIC+ is targeted at encouraging impactful investments
- Large SMEs typically have stronger financial capacity to invest in more significant productivity and innovation initiatives

**Small SMEs**

- 81% of PIC claimants: SMEs with turnover below S$10m (YA 2012)
- Small SMEs are likely to see minimal impact from PIC+ given the limited resources and focus on cash flow
Introducing PIC+ for SMEs
(Page 10 of Budget Synopsis)

For qualifying SMEs eligible for PIC+, the expenditure cap per qualifying activity can be combined as follows for YA 2015:

PIC scheme

<table>
<thead>
<tr>
<th>YA 2013</th>
<th>YA 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$400,000 expenditure cap</td>
<td>S$400,000 expenditure cap</td>
</tr>
</tbody>
</table>

PIC+ scheme

<table>
<thead>
<tr>
<th>YA 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$600,000 expenditure cap</td>
</tr>
</tbody>
</table>

\[ S$1.4m \] Combined expenditure cap for each of the qualifying activities up to YA 2015
Introducing PIC+ for SMEs
(Page 10 of Budget Synopsis)

For qualifying SMEs eligible for PIC+, the expenditure cap per qualifying activity can be combined as follows for YA 2016 to YA 2018:

PIC+ scheme

YA 2016: S$600,000 expenditure cap
YA 2017: S$600,000 expenditure cap
YA 2018: S$600,000 expenditure cap

S$1.8m combined expenditure cap

S$1.8m Combined expenditure cap for each of the qualifying activities for YA 2016 to YA 2018
PIC+: what does it mean to you
(Page 10 of Budget Synopsis)

1. Self-assess your eligibility as qualifying SME

- SMEs need to self-assess their eligibility for PIC+

- The Ministry of Finance has clarified that the SME criterion on employment size will likely be applied at the end of the basis period

- Uncertainty of whether the requirement to meet the SME criterion on turnover or employment size to be met annually until YA 2018
1. Self-assess your eligibility as qualifying SME

- You will not want to leave the self-assessment until the time of claim.

- Tip: Self assess early (e.g., tax provisioning or before end of basis period) to determine the PIC benefits claimable on your qualifying expenditure.

- Tip: Have a pre-year end tax checklist as reminder of the SME criterion and the documentation requirements.
Self-assess your eligibility as qualifying SME

1. Uncertainty of whether there are any claw-back rules on compliance with the SME criterion

2. Imperative to understand any claw-back rules when details on the SME criterion are released

3. Tip: Have tax-related controls to track the status as SME (if applicable)
PIC+: what does it mean to you
(Page 10 of Budget Synopsis)

2 Record keeping is critical

► Ongoing compliance focus by the Inland Revenue Authority of Singapore (IRAS) to ensure that PIC benefits are properly claimed

► Onus on taxpayers to have supporting documentation on PIC claims upon request by the IRAS

► Finance or in-house tax team should keep documentation to verify your status as a qualifying SME (e.g., headcount details)
PIC+: what does it mean to you
(Page 10 of Budget Synopsis)

2 Record keeping is critical

- Consider tax filing when classifying and recording expenditure under PIC or PIC+ scheme in your accounts

- E.g., cloud computing fee is also a qualifying expenditure under IT and automation equipment

- Tip: A good starting point is to set up a chart of accounts to record qualifying expenditure
Record keeping is critical

Tip: Train your accounts or finance personnel to identify qualifying expenditure under PIC or PIC+ and extract such information for tax return preparation.

Put in place tax-related controls on retention of records on qualifying expenditure to support deduction claims upon request by the IRAS.

E.g., documentation on internal training expenses.
Extending PIC benefits to training under centralised hiring arrangements
### Extending PIC benefits to training under centralised hiring arrangements

**PIC benefit**

400% tax deduction for up to S$400,000 of qualifying training expenditure per YA

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business incurs training expenses on individuals under centralised hiring arrangement</td>
<td>Business incurs training expenses on individuals under centralised hiring arrangement</td>
</tr>
<tr>
<td>Are the individuals considered legal employees of the business?</td>
<td></td>
</tr>
<tr>
<td>No, hence not claimable</td>
<td>Yes, claimable subject to conditions (with effect from YA 2014)</td>
</tr>
</tbody>
</table>
Examples of a centralised hiring arrangement

**Group entity A**
- Deployment of individuals
  - Related entities

**Group entity B**
- Secondment of employees
  - Related entity

**Related entities**
- Recharges of staff costs

**Related entity**
- Recharges of staff costs

Extending PIC benefits to training under centralised hiring arrangements (Page 14 of Budget Synopsis)
Extending PIC benefits to training under centralised hiring arrangements

For YA 2014 to YA 2018:

Qualifying conditions for individuals deployed under a centralised hiring arrangement to be regarded as employees of the business where they are deployed:

- Claimant entity is able to produce supporting documents on recharging of employment costs by a related entity in respect of the individuals working solely for the claimant entity
- Corporate structure and centralised hiring practices are adopted for bona fide commercial reasons
- Related entity does not claim deductions on the training expenses recharged to the claimant entity

IRAS to release further details by end March 2014
Centralised hiring arrangements: what do they mean to you  
(Page 14 of Budget Synopsis)

1 Know the documentation requirements

- Businesses which meet the qualifying conditions related to the deployed individuals can avail of the PIC benefits

- Onus on the claimant to keep supporting documents on the recharges of employment costs by a related entity

- Imperative to understand the documentation requirements and ensure proper compliance
Centralised hiring arrangements: what do they mean to you  (Page 14 of Budget Synopsis)

2 Active monitoring of training expenses recharged

► Another condition is that the related entity does not claim deductions on the training expenses recharged to the claimant entity relating to the deployed individual

► Related entity has to identify such non-claimable training expenses and exclude the related recharges from tax deduction
Extending the R&D tax measures
(Page 18 of Budget Synopsis)
Trends in government policies

OECD overview

► Effective government policies aimed at encouraging business innovation in knowledge-based capital are essential for growth in the current global economy

► R&D investments play a key role in determining the differences in productivity across firms and the evolution of firm-level productivity over time

► The number of countries providing new R&D incentives has increased. In 2013, 27 out of 34 Organisation for Economic Co-operation and Development (OECD) countries provided incentives to support R&D – more than double the number of OECD countries in 1995.*

* OECD report: Supporting Investment in Knowledge Capital, Growth and Innovation – 2013
R&D expense growth by industry sector

R&D expense growth (median value)  
2010-2012

Source: EY analysis through S&P Capital IQ
R&D tax measures: Have they performed their role?

The Singapore Government’s economic agenda is to raise the productivity of Singaporean companies and the living standards of Singaporeans.

- R&D enhanced tax deductions been in place since YA 2009
- The PIC scheme (including R&D tax measures) was introduced in YA 2011 to encourage businesses to invest in R&D. Liberalisations to extend to overseas R&D up to PIC cap.
- Currently accounts for less than 3% of PIC claims (YA 2012)
## Extending the R&D tax measures: proposed changes

(page 18 of Budget Synopsis)

<table>
<thead>
<tr>
<th>R&amp;D tax measures – s14DA(1) of the Income Tax Act (ITA)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing</strong></td>
<td><strong>Proposed</strong></td>
</tr>
<tr>
<td>Businesses can enjoy an additional 50% tax deduction on qualifying expenditure incurred on qualifying R&amp;D activities up to YA 2015 for R&amp;D conducted in Singapore (<em>s14DA(1) of the ITA</em>). The additional 50% tax deduction is not subject to a cap.</td>
<td>This tax measure will be extended for 10 years until YA 2025.</td>
</tr>
</tbody>
</table>
Extending the R&D tax measures: proposed changes (page 18 of Budget Synopsis)

<table>
<thead>
<tr>
<th>R&amp;D tax measure – s14E of the ITA</th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>s14E of the ITA provides further tax deduction on expenditure incurred in relation to R&amp;D projects approved by the Singapore Economic Development Board (EDB) on or before 31 March 2015.</td>
<td>This tax measure will be <strong>extended for five years until 31 March 2020.</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Extending the R&D tax measures: proposed changes (page 18 of Budget Synopsis)

#### R&D tax measure – need not be related to existing trade or business

<table>
<thead>
<tr>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses can claim tax deductions on R&amp;D expenditure incurred for undertaking R&amp;D in areas unrelated to their existing trade or business as long as the R&amp;D is conducted in Singapore.</td>
<td>This tax measure will continue to apply in line with the extensions for s14DA(1) and s14E of the ITA.</td>
</tr>
</tbody>
</table>
Extending the R&D tax measures: what do they mean to you (page 18 of Budget Synopsis)

1 R&D definition

► Practical issues on interpretation of “novelty” or “technical risk” criterion to qualify as R&D

► Software-related or technology enhancements beyond routine modifications to grow revenue and improve productivity are being challenged by the IRAS

► Lack of industry understanding and consistency in interpretation
Extending the R&D tax measures: what do they mean to you (page 18 of Budget Synopsis)

1 R&D definition

- Imperative to provide more certainty to businesses leveraging on technology to innovate

- Measure by the IRAS to refer cases to an external panel of experts for opinion (subject to claimant entity’s agreement) is welcomed

- But concerns on confidentiality and costs need to be addressed
Extending the R&D tax measures: what do they mean to you (page 18 of Budget Synopsis)

Know the scope of qualifying R&D expenditure

- No change in the scope of qualifying R&D expenditure (i.e., staff costs, consumables and payments to R&D organisation)

- Utilities and capital expenditure are not eligible for PIC

- Identifying and tracking of eligible costs early e.g., time sheets for staff costs, separate general ledger codes for project costs
Companies are required to submit an R&D form with their Form C or upon request by the IRAS for Form C-S. Have documentation on the R&D project to support claims of PIC benefits as the IRAS can call for supporting documents.
Extending and refining the s19B Writing Down Allowance scheme (page 24 of Budget Synopsis)
### Extending and refining the s19B Writing Down Allowance scheme (page 24 of Budget Synopsis)

#### Current

<table>
<thead>
<tr>
<th><strong>100% Writing Down Allowance (WDA)</strong></th>
<th>On acquisition costs of prescribed intellectual property rights (IPRs) over five years (s19B of the ITA)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accelerated WDA</strong></td>
<td>Writing down period of two year for media and digital entertainment (MDE) companies (with EDB’s approval)</td>
</tr>
<tr>
<td><strong>Additional 300% WDA (PIC)</strong></td>
<td>Additional 300% WDA on qualifying IPRs (with certain exclusions)</td>
</tr>
</tbody>
</table>

Above will lapse after YA 2015
Extending and refining the s19B Writing Down Allowance scheme

Proposed

100% WDA  Extended for **five years until** YA 2020

WDA (MDE)  Extended **for three years until** YA 2018

300% WDA (PIC)  Extended **until YA 2018**
Proposed

**Negative list**

Legislation of negative list of items that would not meet the description of “information that has commercial value”

- A negative list will be legislated to expressly exclude the following two categories of information:
  - Customer-based intangibles
  - Documentation of work processes
- To encourage economic exploitation of confidential information that is of the same class or nature as trade secrets and other forms of IPR expressly listed in the definitions
- List will be published on IRAS’ website by end April 2014 and will be legislated by end December 2014
s19B WDA changes: what do they mean to you (page 24 of Budget Synopsis)

1 Customer-based intangibles and documentation of work processes

► Examples of “customer-based intangibles” and “documentation of work processes” include customer listings and standard operating processes (as clarified by the Ministry of Finance)

► Clarity on what constitutes “customer-based intangibles” and “documentation of work processes” critical

► Impact of such exclusions may vary from industry to industry e.g., consumer business industries, retail and F&B industries, manufacturing industries

► Taxpayers should appreciate the considerations and concerns that IRAS has with regards to these two classes of intangible assets
Customer-based intangibles and documentation of work processes

It would be helpful if IRAS can have a public consultation prior to issuing specific guidance and examples in the negative list.

Provide principles to cater to situations where “customer-based intangibles” and “documentation of work processes” fall within the same class or nature as trade secrets or other forms of IPRs expressly listed in the definitions, the IRAS may consider allowing WDA claims for such items on a case-by-case basis.

Taxpayers should perform a review on their WDA claims to ensure that they do not include “customer-based intangibles” and “documentation of work processes.”
Payments for in-licensing of qualifying IPRs are eligible for PIC benefits.

Policy intent under s19B is that “customer-based intangibles” and “documentation of work processes” do not fall within the scope of information with commercial value.

Taxpayers should monitor the release of the circular, and conduct a review of their in-licensing IPR claims to determine if it includes any “customer-based intangibles” and “documentation of work processes”.
Refining the three-local-employees condition for PIC cash payout (page 13 of Budget Synopsis)
### Refining the three-local-employees condition for PIC cash payout

**Current**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incurred qualifying expenditure and entitled to the PIC during the basis period for the qualifying YA</td>
<td>Condition remains the same</td>
</tr>
<tr>
<td>Business must have active business operations in Singapore</td>
<td>Condition remains the same</td>
</tr>
<tr>
<td>Business must have employed at least three local employees in the relevant month</td>
<td>Three-local-employees condition must be met <em>for a consecutive period of at least three months prior to claiming the cash payout</em> (take effect for PIC cash payout applications from YA 2016)</td>
</tr>
</tbody>
</table>

(a) Businesses can apply for PIC cash payout after the business' financial year-end or after the end of each quarter (or combined consecutive quarters in the business’ financial year (FY)). For one-time application after the end of the business' FY, the relevant month is the last month of the basis period for the qualifying YA. For quarterly applications, the relevant month is the last month of the quarter or combined consecutive quarters to which the cash payout relates.
Extension of tax deduction scheme for registration costs of intellectual property (page 17 of Budget Synopsis)
Extension of tax deduction scheme for registration costs of intellectual property (page 17 of Budget Synopsis)

**Tax deduction**

- **100% tax deduction** on qualifying IP registration costs
  - Current: Lapse after YA 2015
  - Proposed: Will be extended for five years until YA 2020

- **Further 300% tax deduction** on qualifying IP registration costs under the PIC scheme (subject to relevant caps)
  - Current: Under the PIC scheme, designated to lapse after YA 2015
  - Proposed: Continue to be available under the PIC scheme subject to relevant caps, which has been extended until YA 2018
Allowing the tax deferral option under the PIC Scheme to lapse (page 16 of Budget Synopsis)
Allowing the tax deferral option under the PIC Scheme to lapse

Current
Option to defer paying a dollar of income tax for the current YA with every dollar of qualifying PIC expenditure incurred in the current FY subject to a cap

Proposed
To allow the tax deferral option to lapse with effect from YA 2015
Current Tier 1 (AT1) instruments are a new type of capital instrument under the Basel III global capital standards (i.e., a standard on bank capital adequacy, stress testing and market liquidity risk).

Under MAS Notice 637:
- Singapore-incorporated banks are required to meet the Basel III minimum capital adequacy requirements from 1 January 2013.
- The minimum capital adequacy ratios with effect from 1 January 2015 are 2% higher than the Basel III minimum requirements.

Currently, the tax treatment of AT1 instruments has not been publicly clarified.
Proposed

- Such instruments (other than shares), will be treated as debt for tax purposes where:
  - The issuer is a Singapore-incorporated bank that is governed by the MAS Notice 637
  - Does not apply to foreign branches of Singapore incorporated banks

- Distributions on the above will be deductible for issuers and taxable for investors, subject to existing rules
  - For distributions accrued in the basis period for year of assessment (YA) 2015

More details by end May 2014
What does this mean to you

► AT1 instruments going forward are more likely to be debt securities (rather than equity securities)

► Existing AT1 instruments may be restructured, including possible early redemption

► Tax rulings may still be required by issuers of AT1 instruments
Extending and refining tax incentive schemes for qualifying funds

Current

<table>
<thead>
<tr>
<th>Qualifying funds</th>
<th>Tax concessions, subject to conditions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust funds with resident trustee (s13C scheme)</td>
<td>► Tax exemption on “specified income” derived from “designated investments”</td>
</tr>
<tr>
<td>Trust funds with non-resident trustee and non-resident corporate funds (s13CA scheme)</td>
<td>► Withholding tax exemption on interest payments made by qualifying funds to non-resident persons</td>
</tr>
<tr>
<td>Resident corporate funds (s13R scheme)</td>
<td></td>
</tr>
<tr>
<td>Enhanced-tier funds (s13X scheme)</td>
<td></td>
</tr>
</tbody>
</table>
Extending and refining tax incentive schemes for qualifying funds (page 29 of Budget Synopsis)

### Proposed

| s13CA, s13R and s13X schemes | - Extended to 31 March 2019  
|                             | - Similarly, recovery of GST for qualifying funds extended until 31 March 2019 |

| s13CA and s13C schemes for trust funds | - s13CA scheme expanded to allow trust funds with resident trustees with effect from 1 April 2014  
|                                         | - s13C scheme lapses after 31 March 2014 |

More details by end March 2014
Extending and refining tax incentive schemes for qualifying funds (page 29 of Budget Synopsis)

Proposed

- Use of prevailing market value of the issued securities on that day (instead of the historical value) with effect from 1 April 2014

- List of designated investments expanded to include:
  - Loans to qualifying offshore trusts
  - Interest in certain limited liability companies
  - Bankers’ acceptance

- Applies to income derived on or after 21 February 2014 from such investments

More details by end March 2014
Refining the Designated Unit Trust (DUT) scheme (page 32 of Budget Synopsis)

Current

The Designated Unit Trust (DUT) scheme was introduced to foster the development of the domestic retail unit trust industry.

“Specified income” derived by a unit trust with the DUT status is not taxed at the trustee level, but the distribution is taxable in the hands of certain investors.

Qualifying foreign investors and certain individuals are exempted from tax on any distribution made by a DUT.

Available to both retail unit trusts and non-retail unit trusts targeted at more sophisticated and institutional investors.
Refining the Designated Unit Trust (DUT) scheme (page 32 of Budget Synopsis)

**Proposed**

<table>
<thead>
<tr>
<th>DUT scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail unit trusts</strong></td>
</tr>
<tr>
<td>From 1 September 2014, subject to the fulfilment of conditions, unit trusts do not have to apply for the DUT scheme to enjoy the benefits of the scheme</td>
</tr>
<tr>
<td>A review date of 31 March 2019 will be legislated to ensure that the relevance of the scheme is periodically reviewed</td>
</tr>
</tbody>
</table>

| **Non-retail unit trusts** |
| With effect from 21 February 2014, the scheme will not be applicable to non-retail unit trusts |
| Need to consider other fund schemes |
| Existing non-retail unit trusts that were approved under the scheme prior to 21 February 2014 continue to retain their DUT status |

More details by end May 2014
What does this mean to you

- Less time required to set up unit trust with DUT status
- Automatic applicability places burden on sponsor of retail unit trusts
- Impact of sunset clause of 31 March 2019 on unit trusts with DUT status that exist prior to 31 March 2019
Current

Under s13(12) of the Income Tax Act (ITA), certain foreign-sourced income derived by listed infrastructure registered business trusts (RBTs) in Singapore is exempted from tax

- Approval by the Minister, on a case-by-case basis
- Tax exemptions may cover:
  - Foreign-sourced dividends originating from foreign-sourced interest income
  - Foreign-sourced interest income derived from a qualifying offshore infrastructure project or asset
Proposed

- **s13(12) specified scenarios will be expanded** to cover dividend income originating from foreign-sourced interest income
  - It relates to qualifying offshore infrastructure project or asset
  - The Inland Revenue Authority of Singapore (IRAS) will continue to verify that the qualifying conditions are met for all specified scenarios

- **Automatic s13(12) exemption** on interest income derived from a qualifying offshore infrastructure project or asset subject to conditions
  - The IRAS will verify that the qualifying conditions are met instead of the current case-by-case approval by the Minister
What does this mean to you
► Provides flexibility for underlying investments to be made via debt (not just equity)
  ► May be preferred from commercial and legal perspectives
  ► Facilitates listing of more infrastructure assets in Singapore
► Provides greater tax certainty
Budget 2014: Personal tax measures

Presented by Kerrie Chang
Director, Human Capital
Agenda

► Personal income tax rate and rebate
► Enhancements to dependant reliefs
► CPF contribution rate changes
► Removal of transfers of qualifying deductions and deficits between spouses
Personal income tax rate and rebate
(Page 34 of Budget Synopsis)

► No change to the current personal income tax rates
  ► A more progressive personal income tax schedule took effect from year of assessment (YA) 2012
  ► Top marginal tax rate remains at 20%

► No income tax rebate for YA 2014
### Tax rates for resident individuals effective from YA 2012

<table>
<thead>
<tr>
<th>Chargeable income (S$)</th>
<th>Tax rate (%)</th>
<th>Tax payable (S$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000</td>
<td>2</td>
<td>200</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30,000</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000</td>
<td>3.5</td>
<td>350</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td>7</td>
<td>2,800</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80,000</td>
<td>3,350</td>
<td></td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td>11.5</td>
<td>4,600</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>120,000</td>
<td>7,950</td>
<td></td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td>15</td>
<td>6,000</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>160,000</td>
<td>13,950</td>
<td></td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40,000</td>
<td>17</td>
<td>6,800</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200,000</td>
<td>20,750</td>
<td></td>
</tr>
<tr>
<td>On the next</td>
<td></td>
<td></td>
</tr>
<tr>
<td>120,000</td>
<td>18</td>
<td>21,600</td>
</tr>
<tr>
<td>On the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td>320,000</td>
<td>42,350</td>
<td></td>
</tr>
<tr>
<td>In excess of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>320,000</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>
Comparative analysis (Hong Kong 2013/2014 vs Singapore YA 2014 tax rates)

Notes:
1. Assumes a married man 50 years of age and below, with two children. Wife has no income and sole source of income is from his employment.
2. Hong Kong calculations are based on 2013/2014 tax rates, with 75% tax rebate capped at HK$10,000.
3. Singapore calculations are based on YA 2014 tax rates.
4. Exchange rate used: S$1 : HK$6.1830.
### Enhancement to dependant reliefs
*(Page 38 of Budget Synopsis)*

<table>
<thead>
<tr>
<th>Type of relief</th>
<th>Current</th>
<th>Proposed from YA 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parent Relief</strong> <em>(includes taxpayer’s or spouse’s parents and grandparents)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lives in same household</td>
<td>S$7,000</td>
<td>S$9,000</td>
</tr>
<tr>
<td>Does not live in same household</td>
<td>S$4,500</td>
<td>S$5,500</td>
</tr>
<tr>
<td><strong>Handicapped Parent Relief</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lives in same household</td>
<td>S$11,000</td>
<td>S$14,000</td>
</tr>
<tr>
<td>Does not live in same household</td>
<td>S$8,000</td>
<td>S$10,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sharing of reliefs</th>
<th>Not allowed</th>
<th>Allowed</th>
</tr>
</thead>
</table>
**Enhancement to dependant reliefs**  
*(Page 38 of Budget Synopsis)*

<table>
<thead>
<tr>
<th>Type of relief</th>
<th>Current</th>
<th>Proposed from YA 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other handicapped dependant reliefs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handicapped Spouse Relief</td>
<td>S$3,500</td>
<td>S$5,500</td>
</tr>
<tr>
<td>Handicapped Sibling Relief</td>
<td>S$3,500</td>
<td>S$5,500</td>
</tr>
<tr>
<td>Handicapped Child Relief</td>
<td>S$5,500</td>
<td>S$7,500</td>
</tr>
</tbody>
</table>
Some pointers
(Page 38 of Budget Synopsis)

► Claiming Handicapped Relief for the first time

► You can claim Parent/Handicapped Parent Relief for up to two dependants

► Income threshold is not applicable for handicapped dependants

► Note: Handicapped Spouse Relief (not Handicapped Wife Relief)
No one else can claim additional reliefs (except Grandparent Caregiver relief) on the same dependant

E.g., if you claimed Spouse/Handicapped Spouse Relief, none of your children or their spouses can claim Parent/Handicapped Parent Relief

**Who should claim the relief?**

<table>
<thead>
<tr>
<th>Example</th>
<th>Alternative 1</th>
<th>Alternative 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Tan’s wife is wheelchair-bound; both Mr and Mrs Tan live with their son</td>
<td>Mr Tan claims Handicapped Spouse Relief of S$5,500</td>
<td>Mr Tan’s son claims Handicapped Parent Relief of S$14,000</td>
</tr>
</tbody>
</table>
Some pointers
(Page 38 of Budget Synopsis)

E.g., if your father claimed Handicapped Child Relief on your handicapped sister, you and your other siblings cannot claim Handicapped Sibling Relief on her.

<table>
<thead>
<tr>
<th>Example</th>
<th>Alternative 1</th>
<th>Alternative 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Lim’s daughter is studying in a Special Education school. Both Mr Lim and his eldest son incur more than S$2,000 per year in expenses to maintain her.</td>
<td>Mr Lim claims Handicapped Child Relief of S$7,500</td>
<td>Mr Lim’s son claims Handicapped Sibling Relief of S$5,500</td>
</tr>
</tbody>
</table>
Increase in employer CPF contribution rates by 1% for all employees

- With effect from 1 January 2015
- To be channelled to Medisave Account
- Government will introduce a one-year Temporary Employment Credit (TEC)
  - Employers will receive a one-year offset of 0.5% of wages for Singaporean and Singapore Permanent Resident employees, up to the CPF salary ceiling of S$5,000 per month

Medisave contribution rates for self-employed will also increase by 1%

- For those with annual net trade income of S$18,000 and above
**Increase in employer and employee CPF contribution rates for workers aged above 50 to 65 years**

<table>
<thead>
<tr>
<th>Employee age (years)</th>
<th>Increase in contribution rates (% of wages)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contribution by employer</td>
<td>Contribution by employee</td>
</tr>
<tr>
<td>Above 50 to 55</td>
<td>+1</td>
<td>+0.5</td>
</tr>
<tr>
<td>Above 55 to 60</td>
<td>+0.5</td>
<td>-</td>
</tr>
<tr>
<td>Above 60 to 65</td>
<td>+0.5</td>
<td>-</td>
</tr>
</tbody>
</table>

- With effect from 1 January 2015
- Government will provide a one-year increase in the Special Employment Credit (SEC) of up to 0.5 percentage points
## CPF contribution rate changes in summary

*(Page 40 of Budget Synopsis)*

<table>
<thead>
<tr>
<th>Employee age (years)</th>
<th>Current contribution rate* (% of wage)</th>
<th>Proposed contribution rate* with effect from 1 January 2015 (% of wage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contribution by employer</td>
<td>Contribution by employee</td>
</tr>
<tr>
<td>50 and below</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Above 50 to 55</td>
<td>14</td>
<td>18.5</td>
</tr>
<tr>
<td>Above 55 to 60</td>
<td>10.5</td>
<td>13</td>
</tr>
<tr>
<td>Above 60 to 65</td>
<td>7</td>
<td>7.5</td>
</tr>
<tr>
<td>Above 65</td>
<td>6.5</td>
<td>5</td>
</tr>
</tbody>
</table>

* For monthly wages of at least S$750
Impact
(Page 40 of Budget Synopsis)

➤ Employees
  ➤ Those aged above 50 to 55 years have the largest increase in CPF contributions
  ➤ Enjoy higher accumulated savings in CPF
  ➤ Slight decrease of net take-home pay
  ➤ Overall in a better position

➤ Employers
  ➤ Increased business cost
  ➤ Offset of costs via the TEC and SEC is temporary
Company A’s profile of Singapore citizen employees and monthly employer CPF contributions as follows:

<table>
<thead>
<tr>
<th>Average monthly salary</th>
<th>No. of employees</th>
<th>Age group</th>
<th>Current employer CPF (S$)</th>
<th>Employer CPF from 1 January 2015 (S$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$3,000</td>
<td>200</td>
<td>50 and below</td>
<td>96,000</td>
<td>102,000</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>Above 50 to 55</td>
<td>33,600</td>
<td>38,400</td>
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<tr>
<td></td>
<td>70</td>
<td>Above 55 to 60</td>
<td>22,050</td>
<td>25,200</td>
</tr>
<tr>
<td>S$4,500</td>
<td>70</td>
<td>50 and below</td>
<td>50,400</td>
<td>53,550</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>Above 50 to 55</td>
<td>18,900</td>
<td>21,600</td>
</tr>
<tr>
<td>Above S$5,000</td>
<td>50</td>
<td>50 and below</td>
<td>40,000</td>
<td>42,500</td>
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<tr>
<td></td>
<td>50</td>
<td>Above 50 to 55</td>
<td>35,000</td>
<td>40,000</td>
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<tr>
<td>Total</td>
<td>550</td>
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<td>295,950</td>
<td>323,250</td>
</tr>
</tbody>
</table>

Increase in cost by S$27,300 per month; S$327,600 per year (before TEC and SEC)
Removal of transfers of qualifying deductions and deficits between spouses

Current

► Since YA 2005, a married taxpayer can transfer the following to his or her spouse:
   ► Unabsorbed trade losses and capital allowances
   ► Unutilised donations
   ► Rental deficits

► From YA 2006 onwards, taxpayers can carry back any unabsorbed trade losses or capital allowances to set-off against his or her spouse’s income under the loss carry-back scheme

► Election on a year-to-year basis
Removal of transfers of qualifying deductions and deficits between spouses (Page 37 of Budget Synopsis)

Proposed

► Simplification of the personal income tax system

► With effect from YA 2016, inter-spousal transfers are no longer permitted

► Transition

► Qualifying deductions and deficits incurred in YA 2015 and before may be transferred until YA 2017

► Unabsorbed trade losses or capital allowances may still be carried forward to offset against future income

► Unutilised donations may be carried forward for five years

► More details by May 2014
Singapore GST update

Presented by

Yeo Kai Eng
Partner, GST Services
Agenda

► Recent developments
  ► Updates on Assisted Compliance Assurance Programme (ACAP)
  ► Updates on Assisted Self-Help Kit (ASK) Annual Review
  ► Claiming of GST on entertainment expenses

► Evolution of managing GST in Singapore
Updates on Assisted Compliance Assurance Programme (ACAP)

Co-funding

- Co-funding incentive will cease when the total funding of S$10m is used up

5 April 2011 to 4 April 2016

5 April 2016 to 31 March 2019

- S$5m
- S$3m
- S$1m
- S$1m

Co-funding ceases
Updates on Assisted Compliance Assurance Programme (ACAP)

Co-funding

- **Co-funding – priority** would be given to the following types of applicants, who submit their applications (GST F23) between 1 April 2014 and 30 April 2014

  - Applicants that are GST group registered for at least three years
  - Applicants that have annual supplies of more than S$1b
Update on Assisted Compliance Assurance Programme (ACAP)

Waiver of penalties

- Full waiver of penalties for non-fraudulent errors
  - 5 April 2011 to 4 April 2016
  - Five years

- 5 April 2016 to 31 March 2019
  - Three years

- Extension of penalty waiver after 4 April 2016
  - For first-time application between 5 April 2016 and 31 March 2019 if:
    - Accorda ACAP status
    - Paid the additional taxes (if any) in full
ACAP Annual Review

To commence the first ACAP Annual Review (AAR) after 12 months from the start of ACAP status

ACAP status accorded 12 months later Due date to conduct AAR

Within three months

B

Document findings on AAR in template (GST Form, F28)
Submit if errors are noted, otherwise only upon request by IRAS

GST-registered businesses that require guidance on the review steps may adopt the ASK Annual Review methodology
Updates on Assisted Self-Help Kit (ASK) Review

► With effect from 1 January 2013, Assisted Self-Help Kit (ASK) Review is compulsory for companies applying or renewing GST schemes

► If your company has the Major Exporter Scheme (MES), the Inland Revenue Authority of Singapore (IRAS) will send you an invitation package to renew the MES status
Updates on Assisted Self-Help Kit (ASK) Review

► If you have not received the IRAS invitation package six months before the expiry of your MES status, you should

► **Step 1**: Contact the IRAS

► **Step 2**: Contact your tax agent to discuss the options to undertake the ASK Review

► **Step 3**: Commence ASK Annual Review as soon as possible
Updates on Assisted Self-Help Kit (ASK) Review

<table>
<thead>
<tr>
<th>GST-businesses who wish to adopt ASK voluntarily</th>
<th>Application for/renewing GST schemes</th>
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</thead>
<tbody>
<tr>
<td>Arrangement 1</td>
<td>Arrangement 2</td>
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<tr>
<td>Review conducted by GST registered business</td>
<td>Review conducted by:</td>
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<td></td>
<td>► In-house GST Accredited Tax Advisor (ATA) or GST Accredited Tax Practitioner (ATP)</td>
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<td>► External GST ATA or ATP</td>
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</table>

- The IRAS may also rely on ASK Annual Review methodology to carry out its routine audit on GST-registered businesses
Claiming of GST on entertainment expenses

Before 1 February 2014

► Must maintain a valid tax invoice for purchases exceeding S$1,000 (including GST) to support GST claims

► Simplified tax invoice cannot be relied on to support GST claims for purchases exceeding S$1,000 (including GST)
Claiming of GST on entertainment expenses

With effect from 1 February 2014

► Administrative concession to allow GST claims on purchases exceeding S$1,000 (including GST) with a simplified tax invoice

► Must maintain documentary payment evidence and information on entertainment details

► Concession is applicable only to food and drinks
Evolution of managing GST in Singapore

- Singapore GST
  - Introduced in 1994 – almost 20 years!
  - GST rate: from 3% to 7%
  - Traditionally, IRAS would conduct desk and field audits of GST registered businesses
  - GST guidance or clarification is limited
Evolution of managing GST in Singapore

► Singapore GST today

► IRAS encourages GST-registered businesses to be pro-active in managing their GST risk and improve GST compliance

► Voluntary disclosure programme
  ► Penalty waiver if errors disclosed within grace period
  ► Reduced penalty if outside grace period

► Introduction of two key self-review programmes
  ► Assisted Compliance Assurance Programme (ACAP)
  ► Assisted Self-Help Kit (ASK)
Evolution of managing GST in Singapore

► Singapore GST today

► Assisted Compliance Assurance Programme (ACAP)
  ► Businesses that have a robust GST control framework could apply to have their controls reviewed and tested and be awarded the ACAP status by the IRAS

► Assisted Self-Help Kit (ASK)
  ► Businesses could conduct self review of their GST returns by using the methodology prescribed by the IRAS
Evolution of managing GST in Singapore

► Singapore GST today

► Greater clarity and guidance from IRAS through:
  ► Issuance of numerous e-Tax guides
  ► GST advance ruling system

► E-filing of GST returns
  ► Use of data analytics by the IRAS
Evolution of managing GST in Singapore

Conclusion

► Be pro-active in managing GST risk and improving GST compliance
► Voluntarily disclose GST errors to the IRAS and not wait to be audited
► Voluntarily do a self-review of past GST returns filed using the ASK Annual Review
► Consider participating in ACAP (for those with a robust GST control framework)
► Use data analytics to help analyse and ascertain if transactions are being processed and dealt with correctly
► Seek clarifications when in doubt
International tax developments: country updates

Presented by

Gagan Malik
Director, International Tax
India Tax Desk
International tax updates: focus on Asia

- China
- Indonesia
- Vietnam
- India
China tax update
Recent developments: Corporate income tax (CIT)

- Tax policies related to asset restructuring
  - Includes non-monetary assets investment for enterprises in China (Shanghai) Pilot Free Trade Zone (SHFTZ)
  - Preferential CIT policy for gains arising from transfer of assets due to their appreciation
  - Determination of taxable basis of equities or assets being acquired
  - Registration requirements and information management

- Announcement [2013] No. 72 regarding special tax treatment on share transfer by non-tax resident enterprises
  - Clarifies registration requirement, documentation requirement, registration procedure and settlement of undistributed profits
Recent developments: Corporate income tax

► Announcement [2013] No. 56 on implementation measures for Mutual Agreement Procedure (MAP)
  ► Supersedes Guoshuifa [2005] No. 115
  ► Specifies the cases the MAP will be applicable to and lays out the MAP initiation process, including the criteria for a qualifying MAP application
  ► Effective 1 November 2013
Recent developments: Corporate income tax

- Announcement [2013] No. 19 on services provided by non-resident companies to Chinese companies under labour dispatch arrangements
  - Permanent establishment (PE) constituted by a non-resident company under a labour dispatch arrangement
  - Five negative factors for evaluating the above PE exposure
  - PE not constituted by a dispatching company that exercises its shareholder’s rights in China
  - Effective 1 June 2013
Indonesia tax update
Recent developments: Corporate income tax

► New final income tax regime for small and medium businesses

► Qualifying taxpayers are subject to final income tax of 1% of their monthly gross turnover

► Applies to business income of certain individuals and corporate taxpayers (excluding PE) with a gross turnover of less than IDR4.8b (approximately USD408,000) per annum

► Tax losses relating to income subject to this final tax will be forfeited

► Effective 1 July 2013
Recent developments:
Corporate income tax

► New tax incentive for certain industries including textile and furniture industries
  ► Reduction of monthly corporate income tax installment
  ► Extended due date for payment of the annual corporate income tax for financial year (FY) 2013

► Indonesia-Croatia tax treaty has come into force
  ► Provisions effective from 1 January 2013
  ► Reduced tax rates provided under the tax treaty include dividend, interest, royalties and branch profits tax
Recent developments: Transfer pricing (TP)

► New regulation for audits of taxpayers with special relationships, followed by circular on audit guidelines
  ► Increased clarity for taxpayers on TP audit processes
  ► Detailed additional information to be required during a TP audit
  ► Focus on profit spilt method, thin capitalisation and licensing of intangible property, intra-group services and interest charges
  ► Contains specific guidance to tax auditors on TP audits
  ► Provides new guidance on TP considerations for intercompany funding and use of joint transaction approach
Vietnam tax update
Recent developments and proposed changes: Corporate income tax

- Corporate income tax (CIT) rate reduced from existing 25% to 22% from 1 January 2014 and 20% from 1 January 2016
  - 20% rate will apply from 1 January 2014 to entities having less than 200 full-time employees and annual revenue not exceeding VND20b (approximately USD940,000) except for certain business sectors

- New tax incentives providing reduced CIT rates ranging from 10% to 20%
  - Qualifying categories include new investment projects in economic, high tech and industrial zones, manufacturing sector, micro-financial organisations and activities in education and training
  - Entities may choose to keep existing tax incentives for remaining period or apply tax exemption or reduction on incremental income
Recent developments and proposed changes: Corporate income tax

- Tax reduction for certain technology transfers
  - Entities transferring technology in priority sectors to organisations in difficult and especially difficult socio-economic areas entitled to 50% reduction in CIT on income arising from the technology transfer

- Foreign contractor taxation (FCT) expanded
  - FCT (in the form of withholding tax) applies to certain payments (royalties, interest, etc.) made by a Vietnamese entity to a foreign entity
  - FCT now applicable on advertisement services availed by a Vietnamese entity from a foreign entity (even if servers located overseas)
  - Mandatory local supplier to be in between resulting into PE issues as well
Recent developments: Transfer pricing (TP)

► TP investigation and capacity building continues to be top priority

► Statistics (2013)
  ▶ 5,531 foreign investment entities subject to desktop review, 122 found conducting TP abuse
  ▶ Tax collection* after TP adjustment: VND95b (approximately USD4.5m) in Hanoi and VND15b (approximately USD705,000) in Ho Chi Minh City

► Industries in focus
  ▶ Real estate and construction (Hanoi), garment and textile (Ho Chi Minh City), auto, electronics, fabric and light manufacturing
  ▶ Loss-making across all industries

* Source: Public information up to 30 October 2013
Recent developments: Transfer pricing (TP)

► Audit triggers
  ► Non-compliance of mandatory documentation and disclosure requirements
  ► Persistent loss making but expanding business
  ► Services, loan interest payment and sale/purchase/disposal of fixed assets

► Effective 5 February 2014, Circular 201 provides detailed guidance on Advance Pricing Agreement (APA) process
  ► In line with the Organisation for Economic Co-operation and Development’s (OECD) guidelines and APA regimes in other jurisdictions
India tax update
India’s Finance Minister presented the Interim Budget for 2014-2015 in Parliament on 17 February 2014.

No amendments to the tax laws have been proposed. In effect, tax holiday period for power sector and concessional tax rate of 15% for dividends received from overseas subsidiaries will expire at the current sunset date of 31 March 2014.

Certain changes made to indirect tax rates (effective from 17 February 2014), with intention to provide stimulus to manufacturing sector, including reduction of excise duty rates for:

- Machinery, mechanical appliances, electrical equipment, etc.
- Various classes of automobiles
- Mobile handsets
Transfer pricing landscape: Key developments

Significant increase in quantum of transfer pricing disputes:

Estimate of total quantum of transfer pricing adjustments made in the latest audit cycle – USD12b

► Some new contentious issues:
  ► Transactions involving infusion of equity capital
  ► Profit split in case of R&D centers
  ► Location savings
  ► Marketing intangibles
  ► Intragroup services

► Some positive developments:
  ► APAs – a new ray of hope
  ► Circular for TP of R&D centers
  ► Safe harbour rules
  ► Revival of MAP process
Other recent developments

► Central Board of Direct Taxes has notified the rules for application of General Anti-Avoidance Rules (GAAR)

► Indian tax law introduced a tax, akin to Dividend Distribution Tax, on “distributed income” on buy back of shares by an unlisted Indian company

► Secondment arrangement subject to greater scrutiny in India, in terms of PE risk, immigration and social security contribution compliances

► Access to treaty benefits tightened by increased administrative compliances or documentations (viz. Tax Residency Certificate, Form 10F)
Recent controversies: Failure to furnish return on income (ROI)

► Facts
  ► Firm and partners of the firm (the accused) failed to submit ROIs
  ► Tax authority raised “best judgement” tax demands
  ► The accused appealed, but was dismissed at all levels of the court until they finally appealed to the Supreme Court (SC)

► Ruling
  ► SC dismissed appeals of the accused
  ► Taxpayer has a duty to file ROI within the statutory due date
  ► Appeals to court do not act as a bar against prosecution proceedings
  ► Onus on taxpayers to disprove guilty state of mind

► SC ruling emphasises need for strict adherence to statutory due date for furnishing ROI - failure to do so may result in interest, penalties and prosecution
Recent controversies:
Transfer pricing (TP): management fees

► Facts
  ► TP officer disallowed management fees paid by taxpayer to foreign associated enterprise
  ► This was on basis that taxpayer did not prove “benefit test” of payments made

► Ruling
  ► Tribunal ruled in favour of taxpayer
  ► Taxpayer had submitted detailed write-up on services provided and benefits obtained which were not contradicted
  ► TP officer went beyond his jurisdiction in denying the payment, whereas his role is limited to determining the arm’s length principle
  ► Taxpayer’s transactions deemed to be at arm’s length
Panel session
Managing tax risk and controversy in today’s changing global landscape

Panelists
Jonathan Stuart-Smith
Soh Pui Ming
Luis Coronado
Michele Chen
Agenda

- Tax controversy in Singapore
- Base erosion and profit shifting (BEPS): what does it mean for you?
- Transfer pricing – draft Organisation for Economic Co-operation and Development (OECD) documentation requirements
- What can you do to prepare yourself for increased tax controversy?
Panelists

Jonathan Stuart-Smith
Asia-Pacific Global Tax Desk
Leader
Japan Tax Desk

Soh Pui Ming
Partner,
Global Compliance and Reporting

Luis Coronado
Partner, Transfer Pricing

Michele Chen
Director,
Tax Performance Advisory
Tax controversy in Singapore
Singapore corporate tax compliance

- Increased litigation
- Increased intensity of tax queries
  - Transfer pricing questions
  - Investment holding vs management activities
  - R&D expenses and PIC claims
  - Desk-top audits
- Stricter penalty regime
  - **100%** of tax underpaid for incorrect return
  - **200%** of tax underpaid for incorrect return without reasonable excuse + fine and/or imprisonment
  - **Up to 400%** of tax underpaid for tax evasion or wilful intent to evade tax + fine and/or imprisonment
Common issues in tax compliance

- Lack of controls to manage errors
  - Staff turnover or long leave
  - Documentation and filing
- Manual extraction resulting in inefficiencies and errors
- Insufficient guidance or training
- Insufficient time for checking and review
Base erosion and profit shifting (BEPS): what does it mean for you?
Poll
Poll

How much impact do you think BEPS and the draft OECD transfer pricing documentation requirements will have on your company in Singapore?

<table>
<thead>
<tr>
<th>Impact</th>
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</thead>
<tbody>
<tr>
<td>Significant impact</td>
</tr>
<tr>
<td>Medium impact</td>
</tr>
<tr>
<td>Low impact</td>
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<tr>
<td>Uncertain</td>
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</tbody>
</table>
Initial poll results

How much impact do you think BEPS and the draft OECD transfer pricing documentation requirements will have on your company in Singapore?
Overview of OECD BEPS project

The OECD’s Action Plan on Addressing Base Erosion and Profit Shifting (BEPS) is aimed at government concern about potential for multinational companies (MNCs) to reduce their tax liabilities through shifting of income to no- or low-tax countries.

- Driven by MNC taxation becoming headline news
- Endorsed by G8 and G20 which have committed to individual country action
- Major developing countries, including China and India, are active participants

Companies need to be BEPS-ready in all countries where they have operations or investment.
## 15 BEPS target areas

<table>
<thead>
<tr>
<th>Action</th>
<th>Deadline</th>
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</thead>
<tbody>
<tr>
<td>1. Tax challenges of the digital economy</td>
<td>September 2014</td>
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<tr>
<td>2. Hybrid mismatch arrangements</td>
<td>September 2014</td>
</tr>
<tr>
<td>3. CFC rules</td>
<td>September 2015</td>
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<tr>
<td>4. Deductibility of interest and other financial payments</td>
<td>September / December 2015</td>
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<tr>
<td>6. Treaty abuse</td>
<td>September 2014</td>
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<tr>
<td>7. Artificial avoidance of permanent establishment status</td>
<td>September 2015</td>
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<tr>
<td>8. Transfer pricing for intangibles</td>
<td>September 2014 / 2015</td>
</tr>
</tbody>
</table>
## 15 BEPS target areas

<table>
<thead>
<tr>
<th>Action</th>
<th>Deadline</th>
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<tbody>
<tr>
<td>9. Transfer pricing for risks and capital</td>
<td>September 2015</td>
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<tr>
<td>10. Transfer pricing for other high-risk transactions</td>
<td>September 2015</td>
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<tr>
<td>11. Development of data on BEPS and actions addressing it</td>
<td>September 2015</td>
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<td>12. Disclosure of aggressive tax planning arrangements</td>
<td>September 2015</td>
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<tr>
<td>13. Transfer pricing documentation</td>
<td>September 2014</td>
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<tr>
<td>14. Effectiveness of treaty dispute resolution mechanisms</td>
<td>September 2015</td>
</tr>
</tbody>
</table>
Tax incentives in Singapore (Action 5)

Action 5 considers preferential tax regimes primarily focusing on improving transparency through the exchange of rulings and on the need for substantial activity in a country before any preferential tax regime is applied.
Transfer pricing (Actions 8, 9 and 10)
Aligning transfer pricing with value creation

These actions will look to address what are seen as flaws in the current system, focused on intangible assets, contractual risk and over-capitalisation.
Transfer pricing: draft OECD documentation requirements
Transfer pricing documentation
country-by-country reporting template
## Country-by-country reporting template

<table>
<thead>
<tr>
<th>Country</th>
<th>Constituent Entities organised in the Country</th>
<th>Place of Effective Management</th>
<th>Important business activity code(s)</th>
<th>Revenues</th>
<th>Earnings Before Income Tax</th>
<th>Income Tax Paid (on Cash Basis)</th>
<th>(a) To Country of Organisation</th>
<th>(b) To All Other Countries</th>
<th>Total Withholding Tax Paid</th>
<th>Stated capital and accumulated earnings</th>
<th>Number of Employees</th>
<th>Total Employee Expense</th>
<th>Tangible Assets other than Cash and Cash Equivalents</th>
<th>Royalties Paid to Constituent Entities</th>
<th>Royalties Received from Constituent Entities</th>
<th>Interest Paid to Constituent Entities</th>
<th>Interest Received from Constituent Entities</th>
<th>Service Fees Paid to Constituent Entities</th>
<th>Service Fees Received from Constituent Entities</th>
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</tbody>
</table>

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Scope of country-by-country reporting template

- Draft requires reporting for **each entity** in MNC group
- Information required in draft template:

<table>
<thead>
<tr>
<th>Place of effective management</th>
<th>Stated capital and accumulated earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important business activity codes</td>
<td>Number of employees and total employee expense</td>
</tr>
<tr>
<td>Revenues</td>
<td>Tangible assets (other than cash and cash equivalents)</td>
</tr>
<tr>
<td>Earnings before income tax</td>
<td>Royalties, interest and services paid to and received from related entities</td>
</tr>
<tr>
<td>Income tax paid on cash basis to home country</td>
<td></td>
</tr>
<tr>
<td>Income tax paid to all other countries</td>
<td></td>
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<tr>
<td>Total withholding tax paid</td>
<td></td>
</tr>
</tbody>
</table>

- Entire template, with all entity and country information, would be provided to the tax authority in each country in which the MNC has an entity
Poll

How much impact do you think BEPS and the draft OECD transfer pricing documentation requirements will have on your company in Singapore?

<table>
<thead>
<tr>
<th>Impact Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant impact</td>
</tr>
<tr>
<td>Medium impact</td>
</tr>
<tr>
<td>Low impact</td>
</tr>
<tr>
<td>Uncertain</td>
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</tbody>
</table>
Poll results

How much impact do you think BEPS and the draft OECD transfer pricing documentation requirements will have on your company in Singapore?
What can you do to prepare yourself for increased tax controversy?
What can you do to prepare yourself for increased tax controversy?

► Stay abreast of key tax developments
► Improve data accuracy in the tax return
► Improve documentation to support tax positions
Final thoughts
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ED None

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