MNCs with Group Turnover of $ 1.125 Billion Shall Report Country By Country Reporting To Income Tax Authorities Of Singapore

Singapore will implement a new reporting rule for multi nationals whose parent entities are based here, as part of its commitment to deepen its involvement in the international campaign against corporate tax avoidance.

Country-by-Country Reporting (CBCR) will apply to Singapore based multinationals whose group turnover exceed $ 1.125 billion.

The rule will take effect for the financial year beginning on or after January 1, 2017. Companies will have to file the report by filing out a template developed by the Organization of Economic Cooperation Development (OECD) with the Inland Revenue Authority of Singapore within 12 months from the last day of their financial year.

The template will require the company to disclose data such as its profits, revenues and taxes paid in each country it has operations in.

The implementation of CBCR here comes as Singapore joins the inclusive framework for the global implementation of the Base Erosion and Profit Shifting (BEPS) Project spearheaded by the OECD and Group of 20 economies (G-20).

Base erosion and profit shifting refer to the practice of companies channeling their profits into a jurisdiction where they have little economic activity in order to benefit from that location's tax rates, which may be lower than the rates levied in the places where their operations actually take place.

Last year, the OECD set out a blue-print known as the BEPS Project to clamp down on the practice, and Singapore expressed its agreement with the plan.

By joining the inclusive framework, Singapore will become a "BEPS Associate", and will work with other participating jurisdictions to develop the implementation and monitoring phase of the BEPS project.

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