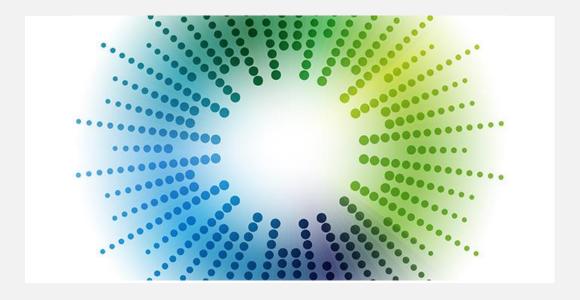
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Singapore | Tax | 29 June 2017



**Singapore Transfer Pricing developments**Singapore signs the Multilateral Competent
Authority Agreement on the exchange of CbC
Reports

## **Overview**

On 21 June 2017, Singapore signed the Multilateral Competent Authority Agreement on the exchange of Country-by-Country Reports (MCAA CbCR).

This comes after the release of guidelines on Country-by-Country Reporting (CbCR) by the Inland Revenue Authority of Singapore (IRAS) last year (please see our previous news alert on CbCR <a href="here">here</a>).

The signing of the MCAA CbCR will allow Singapore to efficiently establish a wide network of exchange relationships for the automatic exchange of Country-by-Country (CbC) Reports.

# **Key takeaways**

The IRAS has provided additional clarification on the significance of the signing of the MCAA CbCR in a list of FAQs on its website, which is summarised below:

- The MCAA CbCR is a multilateral framework agreement that provides a standardised and efficient mechanism to facilitate the automatic exchange of CbC Reports. It circumvents the need for tax administrations to negotiate and conclude several bilateral agreements.
- The signing of the MCAA CbCR reaffirms Singapore's commitment to the international standards on tax cooperation. The MCAA CbCR has gained recognition internationally as a multilateral framework agreement for bilateral cooperation on Automatic Exchange of Information (AEOI) of CbC Reports. There are 64 signatories, including Singapore, as at 22 June 2017.
- The signing of the MCAA CbCR does not mean Singapore will automatically exchange CbC Reports with all the signatories. Under the MCAA CbCR, signatories to the MCAA will automatically exchange CbC Reports with one another on a bilateral basis if both parties mutually agree.
- Singapore will establish bilateral AEOI relationships with fellow signatories that can meet the following principles:
  - The AEOI partner has the safeguards needed to ensure the confidentiality of information exchanged and prevent its unauthorised use; and
  - There is full reciprocity with the AEOI partner in terms of information exchanged.

Taxpayers can find out which jurisdictions have an effective exchange relationship with Singapore under the MCAA CbCR from the OECD and the IRAS website, where the list of exchange relationships will be updated when ready.

### **Deloitte's view**

The IRAS has previously indicated that it will enter into agreements with jurisdictions for the exchange of CbC Reports, only after establishing that the jurisdictions have a strong rule of law and are able to ensure confidentiality of information exchange and prevention of its unauthorised use.

By entering into the MCAA, it highlights Singapore's ability to exchange CbC Reports with a number of jurisdictions in a short span of time. However, the MCAA has certain safeguards to ensure each signatory has ultimate control over exactly which exchange relationships it enters into, and that each signatory's standards on confidentiality, data protection, and appropriate use of information will always apply. Hence, this would allow

Singapore to be comfortable with the safeguards that the other country has in place before the exchange of information takes place.

#### Find out more

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Ms Lee Siew Ying is a Senior Manager at Deloitte Singapore's transfer pricing practice. She has extensive experience on projects relating to the preparation of master file documentation for group companies, review of intra-group services, including assisting companies with the implementation of the recommended methodology, as well as advising on transfer pricing policies and planning strategies. Siew Ying has also assisted clients to successfully negotiate for APAs with tax offices, and supported clients in their transfer pricing audit defence.

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