



# BDO Seminar Singapore Budget 2026

10 March 2026



# Agenda

Time	Programme
8:15 am	Registration
9:00 am	Opening address
9:10 am	Singapore Budget Updates
9:40 am	Key updates on GST InvoiceNow
10:10 am	Networking break
10:30 am	Panel discussion
11:40 am	Economic and Investment Outlook
12:55 pm	Lunch
2:00 pm	Fortifying Transfer Pricing certainty in 2026
3:30 pm	End

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**What is fuelling you this morning?  
Are you running on.....**



**What is your initial reaction to the 2026 Budget announcement?**

An aerial photograph of Singapore's skyline, featuring a mix of modern glass skyscrapers and older buildings with red-tiled roofs. The Marina Bay Sands hotel is prominent on the left, and the Esplanade - Theatres on the Bay is visible in the foreground. The city is surrounded by water and greenery.

# BDO Seminar Singapore Budget 2026

10 March 2026

# Seminar on Singapore Budget 2026

Opening Address

Mr Frankie Chia  
Managing Partner  
BDO in Singapore





# BDO Seminar Singapore Budget 2026

10 March 2026



# Support Measures from Budget 2026

Adelyn Teh, Director

# 1. CIT REBATE AND CIT REBATE CASH GRANT

# CIT Rebate and CIT Rebate Cash Grant

## YA 2026 - Key Changes at a Glance

	<u>Proposed</u> YA 2026
CIT rebate %	40%
CIT rebate cap	\$30,000
CIT Rebate Cash Grant	\$1,500



# CIT Rebate and CIT Rebate Cash Grant

## YA 2026 - Key Changes at a Glance

### Fiscal Support Moderated

	<u>Proposed</u> YA 2026		<u>Current</u> YA 2025
CIT rebate %	40%	⬇️	50%
CIT rebate cap	S\$30,000	⬇️	S\$40,000
CIT Rebate Cash Grant	S\$1,500	⬇️	S\$2,000

# CIT Rebate

## What Remains Unchanged

- Available to ALL taxpaying companies in YA 2026, regardless of tax residency
- Includes registered business trusts and VCCs
- Automatically computed by IRAS and given as follows:

Scenario	Timeline to issue amended NOA
1. YA 2026 ECI filed, but not Form C/C-S	By June 2026
2. YA 2026 ECI and Form C/C-S filed, but tax assessment not finalized	By August 2026
3. YA 2026 tax assessment finalised	By August 2026

# CIT Rebate Cash Grant

## Eligibility Conditions

Given to ALL companies, including loss making companies, subject to meeting conditions:



### 1. Active company requirement

- Company must be carrying on trade or business (including “holding of any investment”)
- Excludes companies that are:
  - In liquidation
  - Under receivership
  - Ceased to exist / struck off
- Status assessed at point of Cash Grant disbursement (i.e. 2Q 2026)



### 2. Local employee condition

- Company must make CPF contribution to **≥ 1 local employee** in CY 2025
- Local employee means:
  - Singaporean or SPR
  - Excludes shareholder-director
- Includes employee under centralised hiring or secondment arrangement (subject to conditions)

# CIT Rebate and CIT Rebate Cash Grant

## Practical Considerations

- Companies with tapering or minimal business activities (status change)
- Entities undergoing restructuring or liquidation



## 2. ENHANCEMENT OF DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION (“DTDi”) SCHEME

# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## Overview of DTDi Scheme

- A scheme that benefits companies planning to expand overseas
- Allows 200% tax deduction on eligible expenses incurred for qualifying market expansion and investment development (“MEID”) activities
- Supports **16 qualifying activities** across **4 key stages** of a company’s **overseas growth journey**

# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## 16 Qualifying Activities



# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

Current: Automatic DTDi - 9 Qualifying Activities, Cap at S\$150,000



# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

Proposed: Automatic DTDi - **14** Qualifying Activities, Cap at S\$400,000



# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## Summary of Proposed Changes

Automatic DTDi	Current	Proposed (W.e.f YA 2027)
Scope of activities	9 qualifying activities	14 qualifying activities (+ 5 new activities)
Quantum of claim without prior approval	S\$150,000 per YA	S\$400,000 per YA
Scope of activities for: (i) Overseas market development trips (ii) Overseas investment study trips	Qualifying expenses are capped at <b>2 employees per trip</b> . Cost for 3rd or subsequent employee require prior approval	Prior approval <b>not required</b> for all eligible expenses

# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## Key Points to Note

- Prior approval still required for:
  1. Expenses exceeding S\$400,000 per YA for 14 qualifying activities under automatic DTDi

# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## Poll question

If a company expects to incur S\$500,000 of qualifying expenses that fall under the DTDi scope, how much of the expenses would require prior approval?

- A. The entire S\$500,000
- B. Only for the excess S\$100,000 above the automatic cap
- C. No prior approval is required
- D. Not sure

# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## Key Points to Note (Cont’d)

- Prior approval still required for:
  1. Expenses exceeding S\$400,000 per YA for 14 qualifying activities under automatic DTDi
  2. Expenses incurred for remaining 2 qualifying activities (i.e. **e-commerce campaigns** & **overseas trade office**)

# Double Tax Deduction for Internationalisation (“DTDi”) Scheme

## Key Points to Note (Cont’d)

- Cap of S\$400,000 is applied on a per company basis, regardless of number of qualifying activities engaged in
- Only qualifying expenses under each qualifying activity are eligible for claim under DTDi Scheme
- Documentation still required to substantiate claims under automatic DTDi
- Enterprise SG to provide further details by 2Q 2026

### 3. ENHANCEMENT OF ENTERPRISE INNOVATION SCHEME ("EIS")

# Enterprise Innovation Scheme (“EIS”)

## Current EIS Framework



- Qualifying businesses can claim 400% tax deduction/allowances on:

Qualifying activities	Expenditure cap
1. Qualifying R&D activities undertaken in Singapore	400,000
2. Registration of Intellectual Property (“IP”)	
3. Acquisition & licensing of IP rights	
4. Training courses eligible for SkillsFuture funding and aligned with Skills Framework	
5. Innovation projects carried out with Polytechnics, ITE, or other qualified partner institutions	50,000

- Cash conversion option:
  - Up to S\$100,000 total qualifying expenditure
  - 20% cash payout (non-taxable)

# Enterprise Innovation Scheme (“EIS”)

## Proposed changes - AI focused enhancements



- To support AI adoption:
  1. **Expansion of Partner Institutions under Innovation Projects**
    - Includes Sectoral AI Centre of Excellence for Manufacturing (“AIMfg”)
  2. **New Qualifying Activity - AI Expenditure**
    - Businesses may claim 400% tax deduction/allowances on up to S\$50,000 of qualifying AI expenditure per YA
    - No cash conversion option
- Applicable for YA 2027 & YA 2028
- IRAS to provide further details by mid-2026

# Enterprise Innovation Scheme (“EIS”)

## Poll question



Do you think the S\$50,000 cap on AI expenditure under the enhanced EIS is sufficient to encourage companies to invest more in AI capabilities?

- A. Yes – it is sufficient to encourage companies to start investing in AI
- B. It may help, but the amount is relatively modest
- C. No – AI investments typically require significantly higher budgets
- D. Not sure / Too early to tell

## 4. EXTENSION AND ENHANCEMENT OF FINANCE AND TREASURY CENTRE (“FTC”) INCENTIVE

# Finance And Treasury Centre (“FTC”) Incentive

## Current

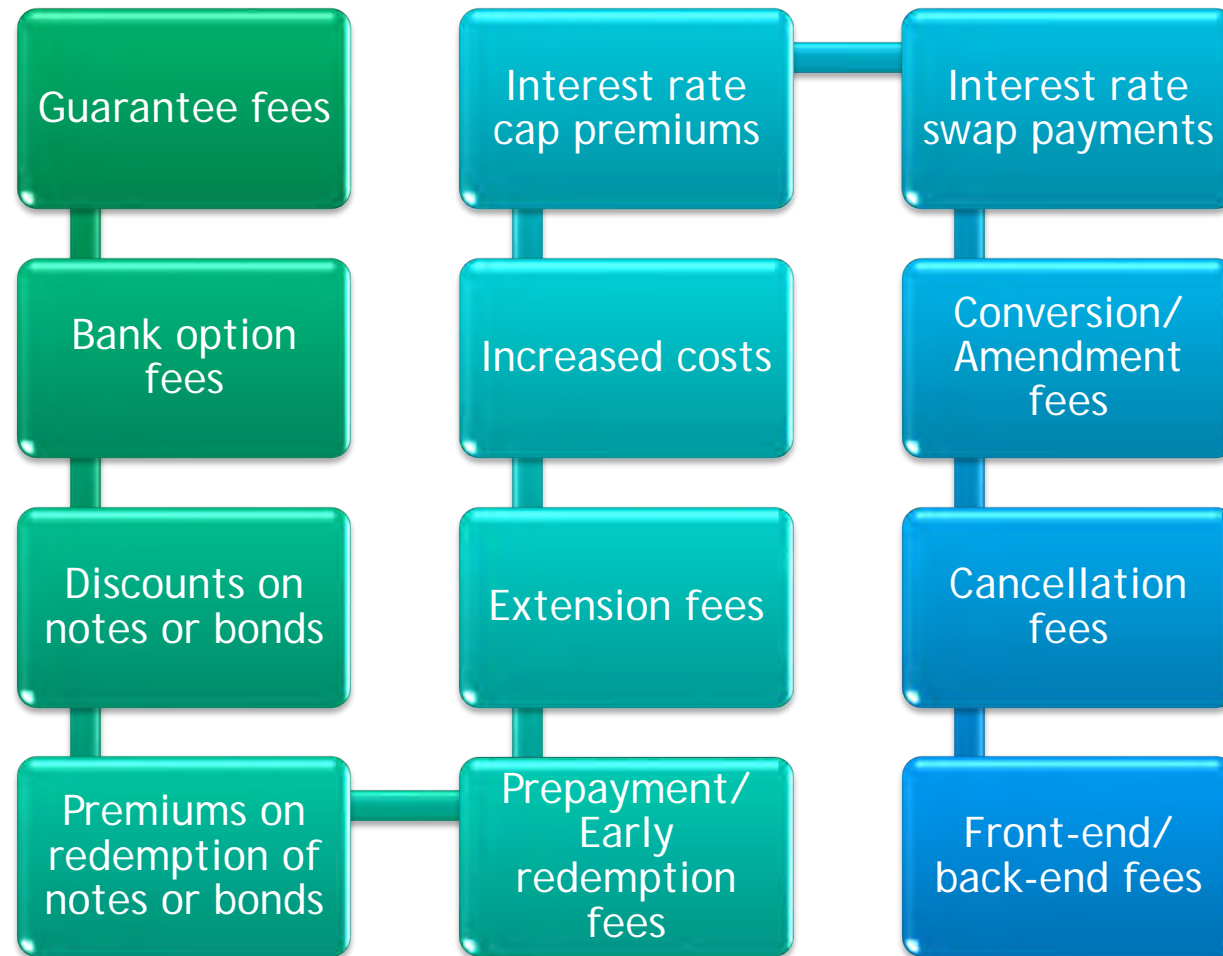
- Approved FTCs enjoy concessionary tax rate of 8% or 10% on qualifying income
- Approved FTCs also enjoy WHT exemption on interest payments on loans used for qualifying activities or services
- Scheduled to lapse after 31 Dec 2026

## Proposed

- FTC incentive will be extended until **31 Dec 2031**
- Scope of WHT exemption for approved FTCs will be expanded to include “**interest-like borrowing costs**” that are subject to WHT, for loans used for qualifying activities or services
- Expanded scope of WHT exemption applies to payments made **on or after 13 Feb 2026**
- EDB released the list of “**interest-like borrowing costs**” on 13 Feb 2026

# Finance And Treasury Centre ("FTC") Incentive

## Interest-like borrowing cost



## 5. EXTENSION AND ENHANCEMENT OF GLOBAL TRADER PROGRAMME (“GTP”) INCENTIVE

# Global Trader Programme (“GTP”) Incentive

## Current

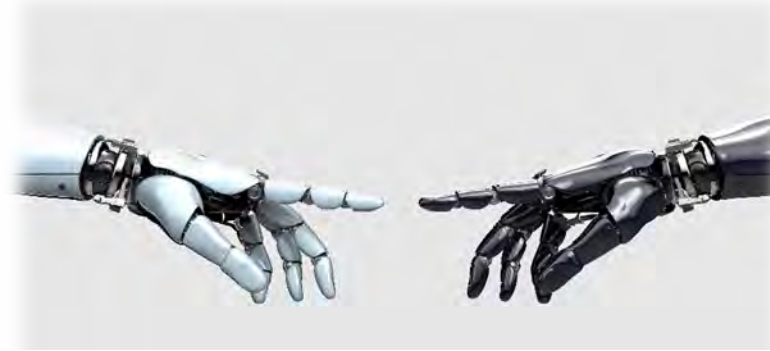
- Approved GTP companies enjoy concessionary tax rate at 5%, 10% or 15% on income from qualifying transactions in qualifying commodities
- Scheduled to lapse after 31 Dec 2026


## Proposed

- GTP incentive will be extended until 31 Dec 2031
- List of qualifying commodities will be expanded to include **Environmental Attribute Certificates (“EAC”)** from 13 Feb 2026
- Enterprise Singapore will provide further details by 2Q 2026

## 6. EXTENDED AND LAPSED SCHEMES

# Extended Schemes



Schemes	Current	Proposed
Not-for-Profit Organisation ("NPO") Tax Incentive	<ul style="list-style-type: none"><li>▪ The scheme provides tax exemption on income derived by approved NPOs</li><li>▪ Scheduled to lapse after 31 Dec 2027</li></ul>	<ul style="list-style-type: none"><li>▪ To ensure Singapore remains an attractive location for NPO, the scheme will be extended to <b>31 Dec 2032</b></li></ul>
Enhanced tax deduction for qualifying donations made	<ul style="list-style-type: none"><li>▪ Donors are eligible for <b>250% tax deduction</b> for qualifying donations made to IPCs and other eligible institutions</li><li>▪ Scheduled to lapse for donations made after 31 Dec 2026</li></ul>	 <ul style="list-style-type: none"><li>▪ To strengthen the culture of giving, enhanced tax deduction will be extended to qualifying local donations made from <b>1 Jan 2027 to 31 Dec 2029</b></li></ul>

# Extended Schemes



Schemes	Current	Proposed
Corporate Volunteer Scheme ("CVS")	<ul style="list-style-type: none"><li>▪ Businesses carrying on trade or business in Singapore can claim <b>250% tax deduction</b> on qualifying expenditure (e.g. wages) incurred on:<ul style="list-style-type: none"><li>i. Sending qualifying employees to volunteer at, or to provide services to IPCs; or</li><li>ii. Seconding qualifying employees to IPCs</li></ul></li><li>▪ W.e.f 1 Jan 2024, qualifying expenditure is subject to annual cap of S\$250,000 per business per YA, and S\$100,000 per IPC per CY</li><li>▪ Scheduled to lapse for expenditure incurred after 31 Dec 2026</li></ul>	<ul style="list-style-type: none"><li>▪ To support corporate volunteering, tax deduction under CVS will be <b>extended</b> to qualifying expenditure incurred from <b>1 Jan 2027 to 31 Dec 2029</b></li></ul>



# Extended Schemes



## Schemes

WHT exemption for Financial sector

## Current

- Generally, interest payments made to non-resident persons are subject to WHT at 15%
- However, a range of WHT exemptions is available to financial institutions for payments made under specific types of financial transactions
- The WHT exemptions is scheduled to lapse after 31 Dec 2026



## Proposed

- To maintain competitiveness of our financial sector, the WHT exemption will be extended till **31 Dec 2031**
- MAS to provide more details by 2Q 2026

# Lapsed Scheme



Schemes	Current	Proposed
Investment Allowance for Emission Reduction ("IA-ER") Scheme	<ul style="list-style-type: none"><li>Investment allowance allowed for companies that incur capital expenditure for <b>approved projects that improve energy efficiency or reduce greenhouse gas emissions</b></li><li>Scheme is scheduled to lapse after 31 Dec 2026</li></ul>	<ul style="list-style-type: none"><li>To ensure relevancy of our tax schemes, IA-ER will be allowed to lapse after <b>31 Dec 2026</b></li><li>Government will continue to support energy efficiency or efforts to reduce greenhouse emission under existing schemes (e.g., <b>Resource Efficiency Grant for Emissions</b> or <b>Refundable Investment Credit for Decarbonisation</b>)</li></ul>



## 7. NON-TAX CHANGES

# Enhancement to Support Schemes for Internationalisation

## Market Readiness Assistance (“MRA”) Grant

### Current

- Helps local SMEs to expand overseas by defraying cost of overseas market promotion, business development and market set up
- Support level: Up to 50% of eligible cost
- Grant cap: S\$100,000 per company per new target market
- Scheduled to lapse after 31 March 2026

### Proposed

- Effective from 1 April 2026, MRA grant will be enhanced as follows:
  1. Extended until **31 March 2029**
  2. Increase in support level: Up to **70% of eligible cost** for local SMEs
  3. From 2H 2026, “**new to target overseas market**” criteria will be **removed**. Local enterprises to receive grant support to deepen presence in **existing overseas market**
- ESG to provide further details by 2H 2026

# Harnessing AI as a Strategic Advantage

## 1. National AI Council

- An inter-ministerial National AI Council, chaired by PM and Minister for Finance, Mr Lawrence Wong
- Established to better align regulatory, R&D and investment promotion efforts
- The mandate of National AI Council:
  1. **Set strategic direction** for our National AI Strategy and ambition
  2. **Commission AI Mission(s) in 4 key priority sectors** (i.e. advanced manufacturing, connectivity, finance and healthcare)
  3. **Unlock regulations and mobilise resources** to accelerate development, testing, deployment and scaling of AI solutions
- Private sector expertise will also be tapped
- Further details will follow



# Harnessing AI as a Strategic Advantage

## 2. Expansion of Productivity Solutions Grant (“PSG”)

### Current

- Provides financial support to Singapore companies to adopt **pre-scoped IT solutions, equipment and consultancy services** to improve productivity and enhance processes with technology
- Support level: Up to 50% of eligible cost for local SMEs

### Proposed

- To support businesses in AI adoption, a wider range of **AI-enabled solutions** will be made available under PSG
- The Ministry of Digital Development and Information (“MDDI”) will provide further details at the Committee of Supply 2026

# 8. PERSONAL INCOME TAX AND GOODS AND SERVICES TAX UPDATES

# Personal Income Tax (“PIT”) Rate and Rebate

## Current

- Singapore adopts a **progressive tax rate structure** for resident individuals.
- **Tax rates start at 0%** on the first S\$20,000 of chargeable income and gradually increase in tiers, up to a **top marginal rate of 24%** for chargeable income exceeding S\$1 million
- PIT rebate of **60% capped at S\$200** was granted to resident individuals for YA 2025

## Proposed

- No change in PIT rate for YA 2026
- No PIT rebate was granted for YA 2026

# Goods and Services Tax (“GST”) Updates

## Current

- GST rate was increased from
  1. 7% to **8%** with effect from 1 Jan 2023
  2. 8% to **9%** with effect from 1 Jan 2024
- The increase in GST revenue is to help fund rising healthcare costs and enhance support for our seniors

## Proposed

- No increase in GST rate in 2026
- No further GST hikes planned up to 2030
- **MOF Committee of Supply (“COS”) 2026 (surprise) announcement:** All GST-registered businesses required to adopt InvoiceNow
- **Mandatory adoption timeline:** Progressively from **April 2028 to April 2031**

**FOR QUESTIONS, PLEASE CONTACT:**

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# BDO Budget Seminar GST InvoiceNow

Jackson Cai  
Executive Director

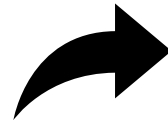
10 March 2026

# What is GST InvoiceNow?

## Singapore's Nationwide E-Invoicing Network

### InvoiceNow by IMDA

- Singapore's nationwide B2B e-invoicing network
- Built on the Peppol International standard
- Introduced by the Infocomm Media Development Authority (IMDA) in 2019
- Enables businesses to send and receive invoices in a structured digital format via API



### GST InvoiceNow Requirement

- GST-registered businesses will be required to transmit invoice data to IRAS through InvoiceNow-Ready solutions
- Supports the nationwide adoption of InvoiceNow
- Part of Singapore's broader initiative to digitalise the tax ecosystem
- Aims to intergrate tax reporting directly with businesses' accounting system

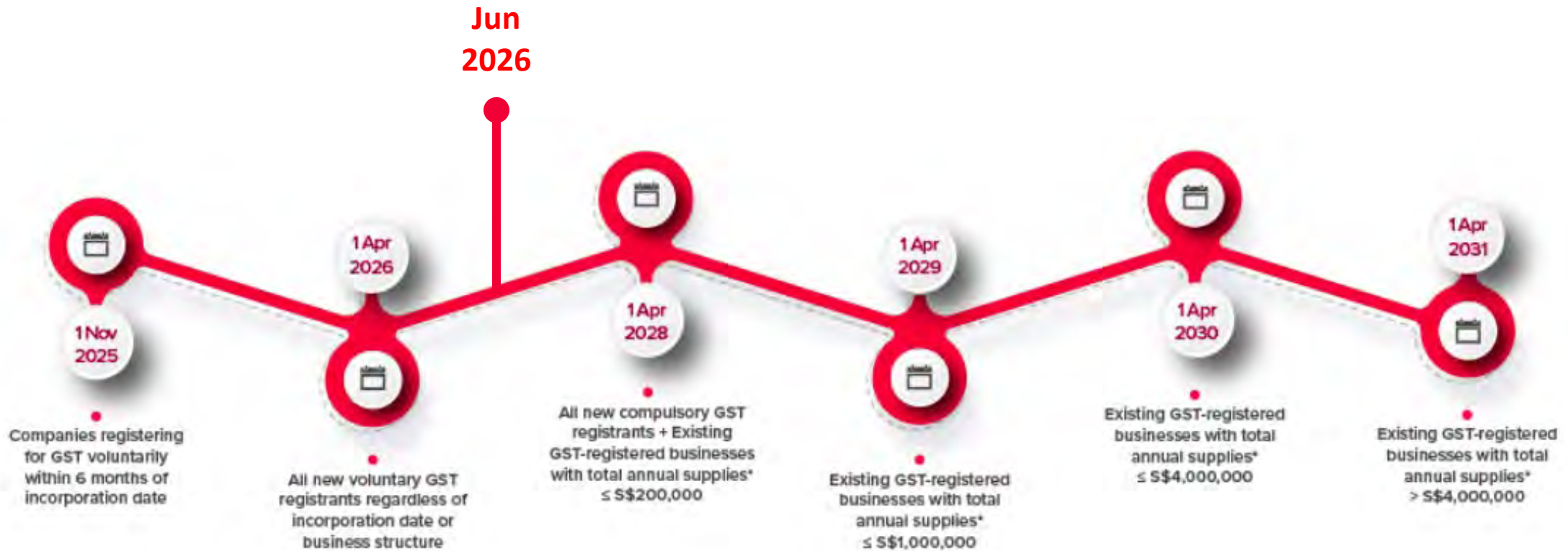
# What is GST InvoiceNow?

Singapore's Nationwide E-Invoicing Network



# Timeline and Phases

## Implementation Date



\* Total annual supplies refer to the total value of standard-rated, zero-rated and exempt supplies made in all the prescribed accounting periods ending in calendar year 2025.

# Timeline and Phases

## Implementation Date

### GST InvoiceNow Requirement Implementation Date Calculator

- 1 It may take you 15-20 minutes to complete this calculator.
- 2 This calculator helps you to determine the implementation date of GST InvoiceNow for your business, based on your total supplies made in all prescribed accounting periods ending in calendar year 2025. For more information, you may refer to our GST InvoiceNow requirement webpage at [www.iras.gov.sg](http://www.iras.gov.sg) > Taxes > Goods & Services Tax (GST) > GST InvoiceNow Requirement.
- 3 Please note that this calculator does not apply to the following types of GST-registered businesses:
  - (i) Businesses that are subject to the GST InvoiceNow Requirement under 1 Nov 2025 and 1 Apr 2026 phases;
  - (ii) Businesses that are under GST group or divisional registration;
  - (iii) Businesses that do not have any GST return ending in calendar year 2025;
  - (iv) Businesses that will be registered for GST under compulsory registration on and after 1 Apr 2028.
- 4 Before you start using this calculator, please ensure that you have:
  - (i) Your GST registration date; and
  - (ii) The total value of supplies filed in your GST returns for the accounting periods ending in calendar year 2025.
- 5 You may use the following digital services to retrieve your GST registration date and the total value of supplies filed in your GST returns:
  - (i) GST Registered Business Search
  - (ii) Retrieve Past GST Returns/Assessments for ASK ReviewTo use the digital service "Retrieve Past GST Returns/Assessments for ASK Review", you must be authorised by your business to act for its GST matters via [www.corppass.gov.sg](http://www.corppass.gov.sg). For more information, you may refer to our Corppass webpage at [www.iras.gov.sg](http://www.iras.gov.sg) > Digital Services > Others > Corppass
- 6 To begin using the calculator, please click on the "Start" button.

Go To

**GST InvoiceNow  
Requirement webpage**

**IRAS Corppass  
Webpage**

**GST Registered  
Business Search**

**Retrieve Past GST  
Returns/Assessments  
for ASK Review**

**Start**

# Grants

## SMEs & Larger Businesses

### For SMEs

- Businesses using IMDA-accredited InvoiceNow-Ready Solution Provider (“IRSPL”) may be eligible to apply for the Productivity Solutions Grant (“PSG”) and receive up to S\$30,000 for IT solutions and equipment, including InvoiceNow-Ready Solutions
- A new grant of up to S\$1,000 will be introduced for SMEs to defray the operational costs of adopting InvoiceNow-Ready software.

### For Larger Businesses

- A new grant of up to S\$5,000 will be provided for early adopters

More details on the support will be released by IMDA and IRAS in due course.

# GST InvoiceNow Requirement

## Excluded Businesses

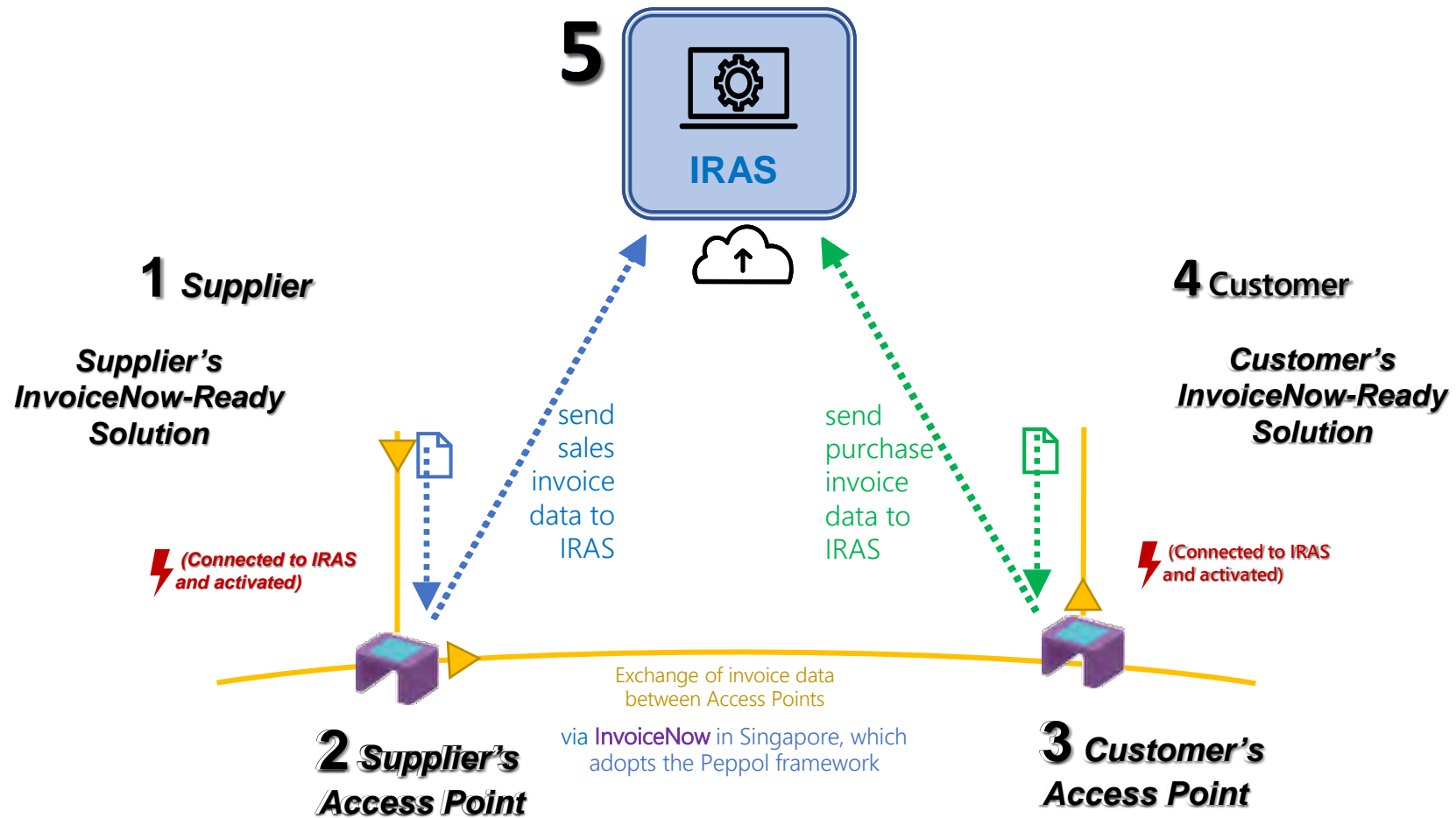
- Overseas entities
  - Refers to entities belonging outside Singapore for GST purposes<sup>^</sup>, including those that are required to appoint local agents (i.e. Section 33(1) agents) to handle their GST matters
- Businesses that are liable to register for GST wholly due to Reverse Charge regime
  - Refers to businesses that are liable to register for GST solely by virtue of the imported services that they are making, and/ or importation of Low-Value Goods (LVG) due to reverse charge (RC) rules\*
  - For avoidance of doubt, businesses that make some RC transactions but did not register for GST solely by virtue of the RC rules will not be classified as “Excluded Businesses”. Such businesses will need to comply with the GST InvoiceNow requirement

<sup>^</sup> This refers to an entity that (1) does not have any business establishments and fixed establishments, and its usual place of residence is outside Singapore, or (2) has establishments both in and outside Singapore but the establishment most directly concerned with the supplies made are outside Singapore

\* Refer to the e-Tax Guide “GST: Reverse Charge” for information on registration rules under the reverse charge regime

# How GST InvoiceNow works?

## 5-corner Model



# Types of Submissions

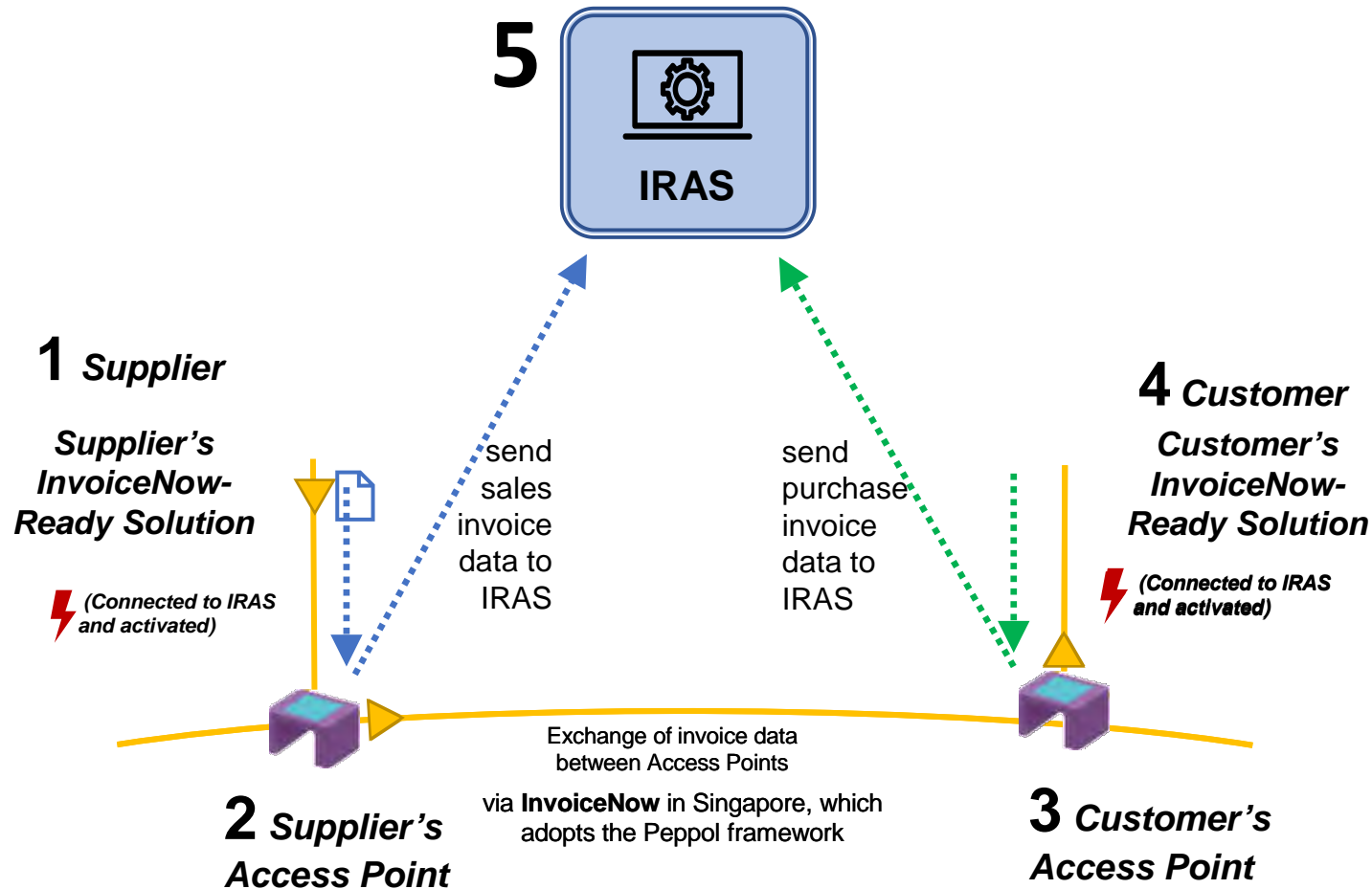
## Four Types of Submissions for Transmitting Invoice Data to IRAS

Type of submission	Description	Peppol/Solution-extracted invoice	Submission method
<b>Type 1A Submission</b>	Supply transaction made by the supplier within the InvoiceNow network	Peppol invoice	Peppol submission method
<b>Type 1B Submission</b>	Corresponding purchase transaction received by the customer within the InvoiceNow network from the supply transaction under Type 1A Submission	Solution-extracted invoice	Solution-extracted submission method
<b>Type 2 Submission</b>	Supply transaction made outside the InvoiceNow network	Solution-extracted invoice	Solution-extracted submission method
<b>Type 3 Submission</b>	Purchase transaction made outside the InvoiceNow network	Solution-extracted invoice	Solution-extracted submission method

# Types of Submissions

## Four Types of Submissions for Transmitting Invoice Data to IRAS (Con't)

Flow 1A: Sale transaction made within InvoiceNow network (Peppol invoice)

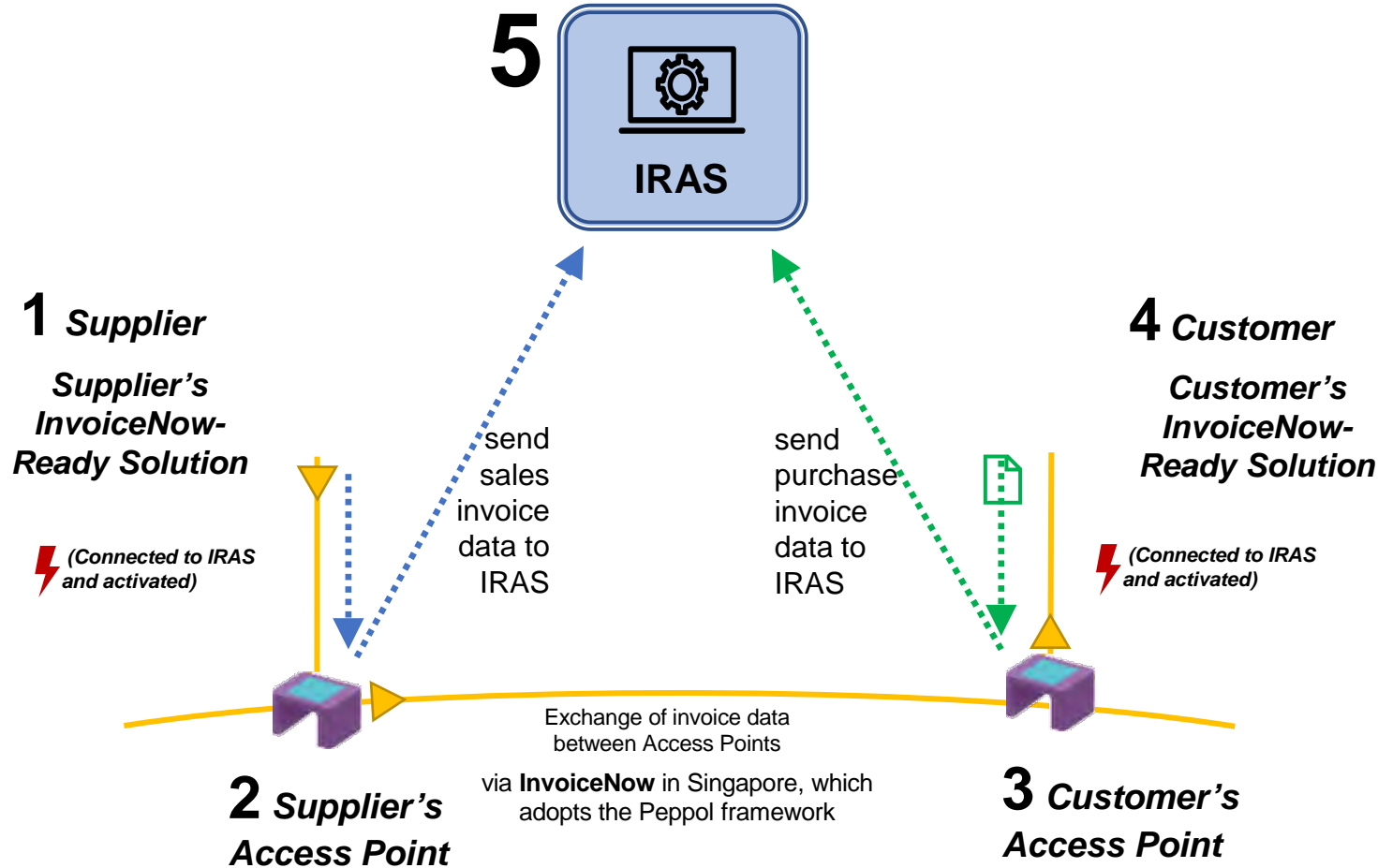


- 1) GST-registered supplier issues a Peppol invoice for a sale transaction using its InvoiceNow-Ready Solution via the InvoiceNow network and sends the invoice to its Access Point.
- 2) InvoiceNow-Ready Solution Providers that have built validation checks into the issuance process will be able to detect invoices from suppliers that wrongly charge GST and trigger an alert to the sender (i.e. the supplier) for his attention.
- 3) Supplier's Access Point forwards the invoice data to customer's Access Point.
- 4) Supplier's Access Point receives confirmation that invoice has been successfully sent to customer and transmits a copy of the Peppol invoice to IRAS.
- 5) Customer's Access Point forwards the invoice to the customer.

# Types of Submissions

## Four Types of Submissions for Transmitting Invoice Data to IRAS (Con't)

Flow 1B: Corresponding purchase transaction for sale transaction made within InvoiceNow network under Flow 1A (Solution-extracted invoice)

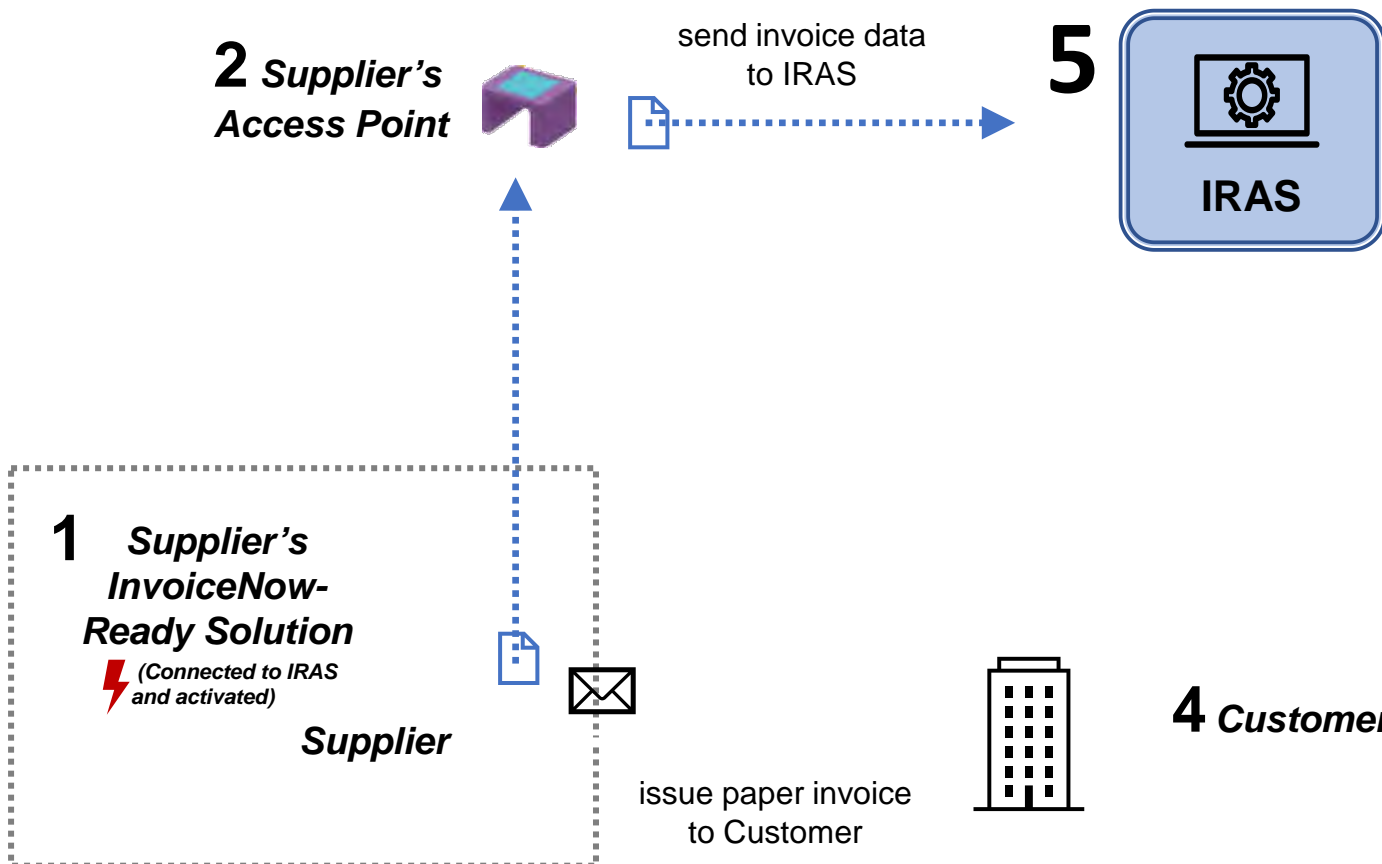


- 1) After the customer receives the invoice, the customer validates and accepts the invoice in its solution.
  - ✓ This would include indicating the appropriate GST Category Code for the purchase, the taxable purchase amount and input tax that the customer wishes to claim, which is what businesses' typically do when they record their purchases in their accounting system
- 2) The recorded purchase invoice is simultaneously transmitted to IRAS by way of a Solution-extracted invoice through the customer's Access Point.

# Types of Submissions

## Four Types of Submissions for Transmitting Invoice Data to IRAS (Con't)

Flow 2: Sale transaction made outside InvoiceNow network (solution-extracted invoice)

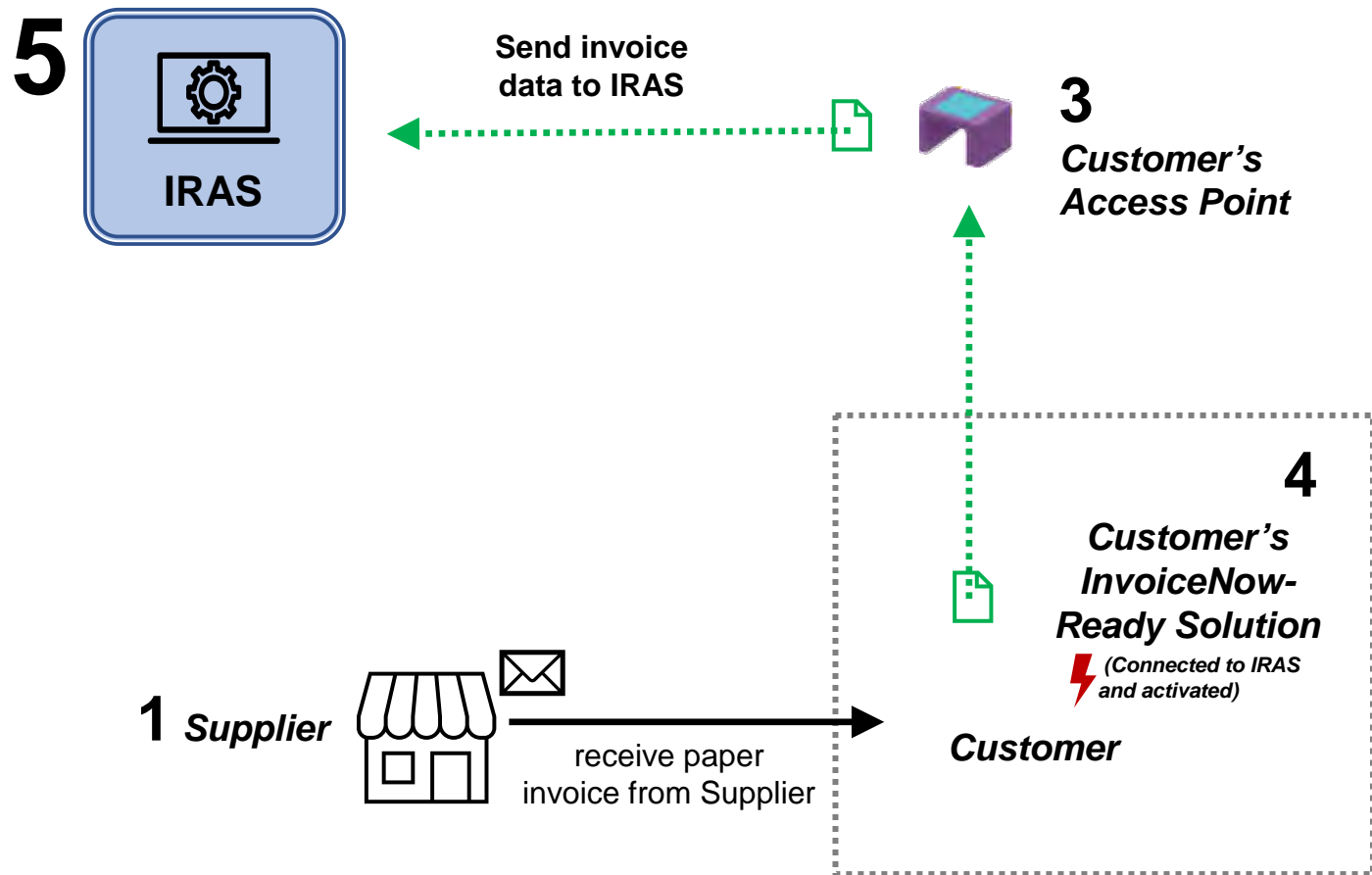


- ✓ Access Points are also able to transmit invoice data to IRAS for invoices not submitted on InvoiceNow network
- 1) The supplier issues its paper/PDF invoice to the customer and records the sales transaction in its InvoiceNow-Ready Solution.
  - 2) InvoiceNow-Ready Solution Providers that have built validation checks on wrongful GST charges, which would help detect invoices from suppliers that wrongly charge GST, will trigger an alert to the sender (which in this case is the supplier) for his attention.
  - 3) A Solution-extracted invoice is submitted to the supplier's Access Point.
  - 4) The supplier's Access Point transmits the Solution-extracted invoice to IRAS.

# Types of Submissions

## Four Types of Submissions for Transmitting Invoice Data to IRAS (Con't)

Flow 3: Purchase transaction made outside InvoiceNow network  
(Solution-extracted invoice)

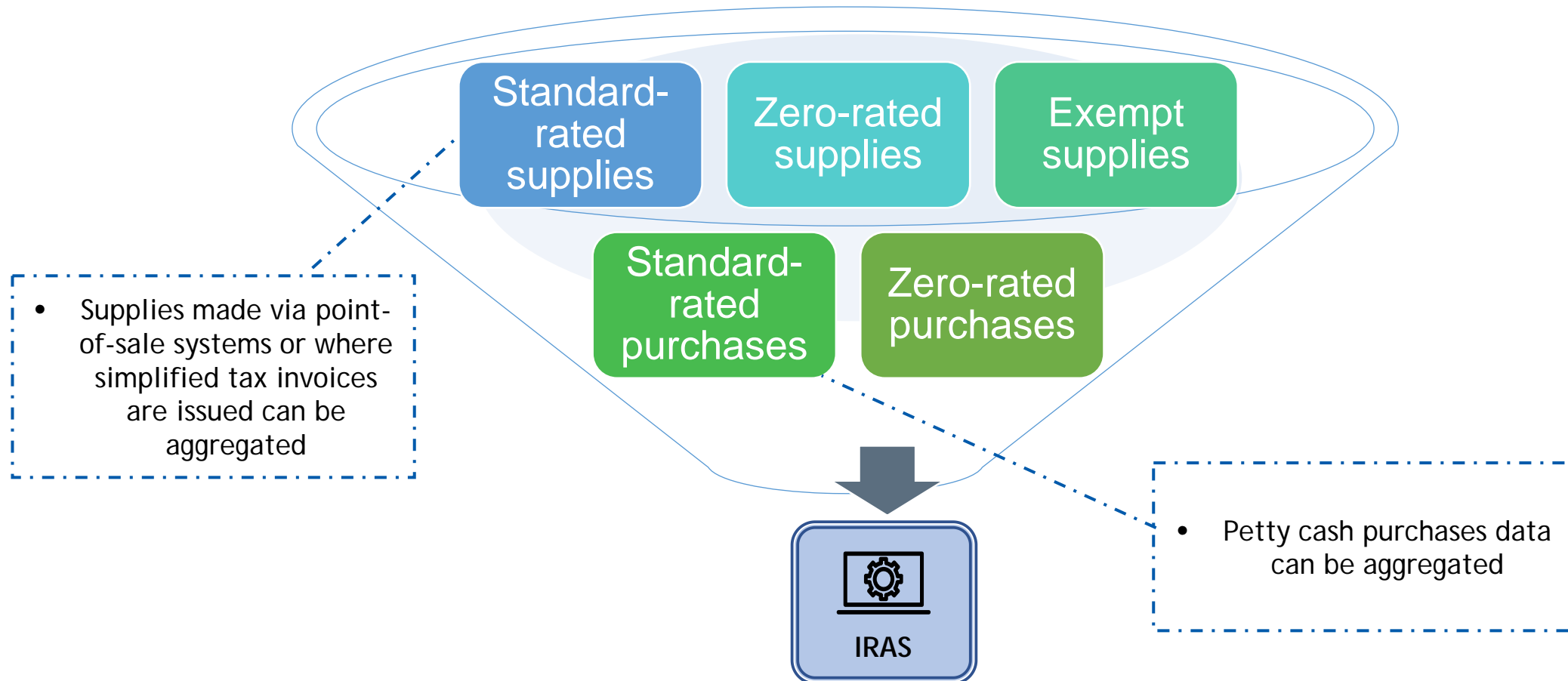


- 1) The customer receives its paper/PDF invoice from the supplier, then records and validates the purchase transaction in its InvoiceNow solution.
- 2) InvoiceNow-Ready Solution Providers that have built the validation check on wrongful GST charges, which would help detect invoices from suppliers that wrongly charge GST, would trigger an alert to the sender (which in this case is the customer) for his attention.
- 3) A Solution-extracted invoice is submitted to the customer's Access Point.
- 4) The customer's Access Point transmits the Solution-extracted invoice to IRAS.

# Scope of Data to Transmit

Transactions where invoice data transmission is required

- GST-registered businesses are required to transmit to IRAS invoice data that is reported in the GST return, other than specific excluded transactions (“Excluded Transactions”)



# Scope of Data to Transmit

Transactions where invoice data transmission is not required

## Transactions where Invoice Data Transmission is Not Required

- Out-of-scope Supplies
  - Transactions outside the scope of Singapore GST
- Non-Reportable Purchases
  - Purchases that are not reported in the GST return (e.g. Disallowed expenses)

## Excluded Transactions

- Reverse charge transactions
- Goods exported without a sales invoice
- All exempt financial services (including zero-rated qualifying services)
- Exempt digital payment token transactions (including qualifying zero-rated supplies)
- Import permits for goods imported
- Goods or services purchased by overseas HQ of a Singapore branch

Businesses may opt to transmit invoice data on these transactions if doing so eases compliance



# Mandatory Data Elements (MDE)

## Required Fields and GST Category Codes

In line with the existing GST content requirements of a valid tax invoice and other invoices allowed by the Comptroller under Regulations 11 and 13 of the GST (General) Regulations, the invoice data transmitted to IRAS must contain the following Mandatory Data Elements (MDEs)

Supplier Details		Customer Details	
<ul style="list-style-type: none"> <li>Supplier Endpoint ID</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Name</li> </ul>	<ul style="list-style-type: none"> <li>Customer Endpoint ID</li> </ul>	<ul style="list-style-type: none"> <li>Customer Address – Address Line 1</li> </ul>
<ul style="list-style-type: none"> <li>Supplier Scheme ID</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Address – Address Line 1</li> </ul>	<ul style="list-style-type: none"> <li>Customer Scheme ID</li> </ul>	<ul style="list-style-type: none"> <li>Customer Address – Postal Code</li> </ul>
<ul style="list-style-type: none"> <li>Supplier ID</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Address – Postal Code</li> </ul>	<ul style="list-style-type: none"> <li>Customer ID</li> </ul>	<ul style="list-style-type: none"> <li>Customer Address – Country Code</li> </ul>
<ul style="list-style-type: none"> <li>Supplier GSTN</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Address – Country Code</li> </ul>	<ul style="list-style-type: none"> <li>Customer Name</li> </ul>	
<ul style="list-style-type: none"> <li>Supplier Tax Scheme ID</li> </ul>			

# Mandatory Data Elements (MDE)

## Required Fields and GST Category Codes (Con't)

Invoice Details			
• Customization ID	• Invoice Line Identifier	• Item GST Category Tax Scheme ID	• Subtotal GST Category Tax Scheme ID
• Profile ID	• Item Name	• Invoice Line Net Amount	• Subtotal GST Category Rate
• Doc UUID	• Unit	• Sum of Invoice Line Net Amount	• Total GST Amount
• Invoice Number	• Quantity	• Subtotal GST Category Amount	• Total Invoice Amount without GST
• Invoice Issue Date	• Item Net Price	• Subtotal GST Category Taxable Amount	• Total Invoice Amount with GST
• Invoice Type Code (i.e., invoice or credit note)	• Item GST Category Code	• Subtotal GST Category Code	• Amount due for Payment
• Invoice Currency Code	• Item GST Category Rate		

# Mandatory Data Elements (MDE)

## Required Fields and GST Category Codes (Con't)

Credit Note Details			
• Customization ID	• Credit Note Currency Code	• Credit Note Line Net Amount	• Subtotal GST Category Rate
• Profile ID	• Credit Note Line Identifier	• Sum of Credit Note Line Net Amount	• Total GST Amount
• Doc UUID	• Item Net Price	• Subtotal GST Category Code	• Total Credit Note Amount without GST
• Credit Note Number	• Item GST Category Code	• Subtotal GST Category Tax Scheme ID	• Total Credit Note Amount with GST
• Credit Note Date	• Item GST Category Rate	• Subtotal GST Category Amount	• Amount due for Payment
• Invoice Type Code (i.e., invoice or credit note)	• Item GST Category Tax Scheme ID	• Subtotal GST Category Taxable Amount	• Invoice Note
• Item Name	• Unit	• Quantity	

# Due Date for Transmission of Invoice Data to IRAS

## Submission Deadline

Invoice data is to be transmitted to IRAS at the earlier of the following events:

- The date on which the relevant GST return\* is filed; or
- The filing due date of the relevant GST return\*.

*\* A relevant GST return means the GST return covering the prescribed accounting period when the date of the transaction occurs. Generally, the date of transaction is the date of the invoice.*

# Due Date for Transmission of Invoice Data to IRAS

## Date of Transaction

Types of Transaction	Date of transaction
Supplies data	<p>For a supply where an invoice is or to be issued, the date of transaction would be the issuance date of the document; and</p> <p>For all other supplies, the date of transaction would be the date the transaction is posted into the accounting system.</p>
Purchases data	<p>For a purchase where the supplier's invoice or an equivalent document is to be issued, the date of transaction would either be the:</p> <ul style="list-style-type: none"><li>(a) Issuance date of the document; or</li><li>(b) Date the transaction is posted into the accounting system).</li></ul> <p>For all other purchases, the date of transaction would be the date the transaction is posted into the accounting system.</p>

# Due Date for Transmission of Invoice Data to IRAS

## Example



**20 Mar 2026:** Company A issues tax invoice to Company B

**10 Apr 2026:** Company A receives payment from Company B

Time of supply of the transaction: **20 Mar 2026**

**20 Apr 2026:** Company A files the GST return for prescribed accounting period 1 Jan 2026 to 31 Mar 2026

What is the due date for Company A to transmit the invoice data, using InvoiceNow solutions, to IRAS?

Date of transaction: 20 Mar 2026

Relevant GST return: 1 Jan to 31 Mar 2026, submitted on 20 Apr 2026.

Company A needs to transmit the invoice data to IRAS by **20 Apr 2026**.

# How To Get Started?

## Preparation

**A**

**Free/ Low-Cost Portal  
Quick Solutions**

If you are not using any existing accounting or finance solution, consider free or low-cost solutions with basic GST InvoiceNow capabilities

**B**

**Accounting/ ERP System  
Peppol-ready Solutions**

Adopt a solution from any IMDA-accredited InvoiceNow-Ready Solution Provider (IRSP) and activate the GST InvoiceNow feature on your solution

**C**

**Enterprise Solution  
Deep Integration**

Engage an IMDA-accredited Access Point (AP) provider to help you connect your in-house enterprise solution to the InvoiceNow network

# Introducing the BDO GST Platform

## GST Compliance & Automation Platform

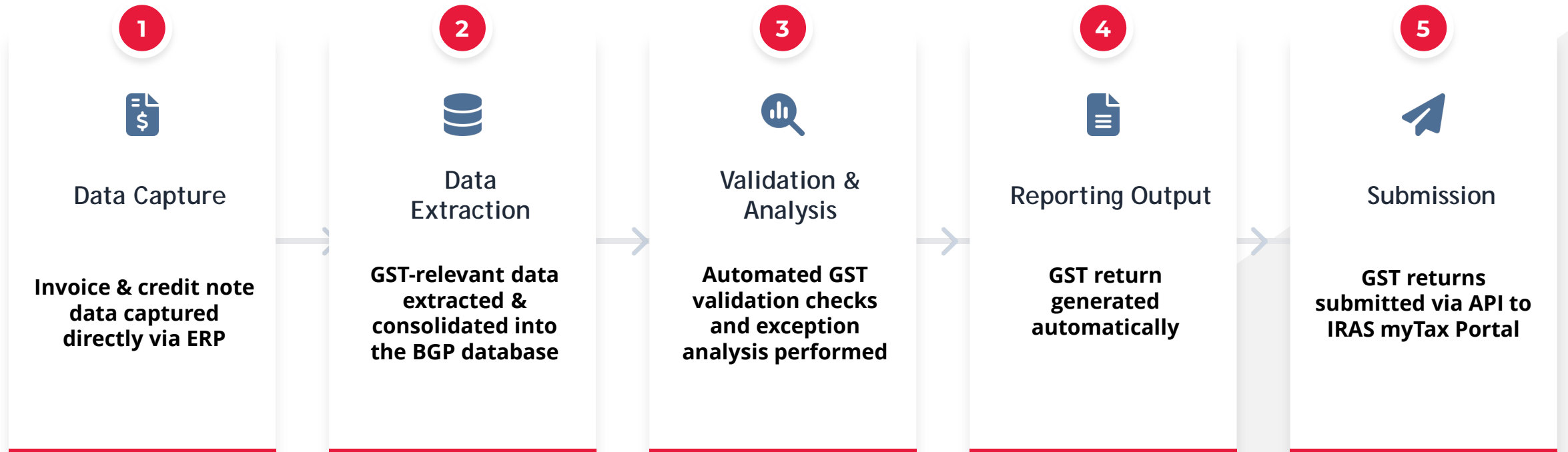
▮ Designed to transform how businesses manage their GST obligations

The BDO GST Platform (BGP) is designed to:

- ▶ Streamline GST compliance and reporting
- ▶ Integrate with existing workflows
- ▶ Eliminate manual GST checks
- ▶ Reduce errors and compliance checks

# How BGP Works?

End-to-End from Transaction Data to GST Filing



# Core GST Validations Performed by BGP

## Built-In Validation



### Transaction Period Validation

Automatically verifies transaction dates against the filing period to prevent cut-off errors.

- ✓ Ensures correct GST reporting period
- ✓ Highlights transactions outside current period



### Blocked Expense Checks

Identifies input tax claims on non-claimable items based on GL codes and descriptions

- ✓ Medical & insurance expenses
- ✓ Family benefits & club subscriptions
- ✓ Motor car expenses



### Data Consistency Validation

Scans for anomalies in the dataset to ensure completeness and accuracy of the GST return.

- ⚠ Missing invoice sequences
- ⚠ Duplicate invoice entries
- ⚠ Incomplete mandatory GST fields



### Output and Input Tax Variance Checks

Validates that output tax and input tax approximates 9% (or prevailing GST rate) of standard-rated supplies and purchases

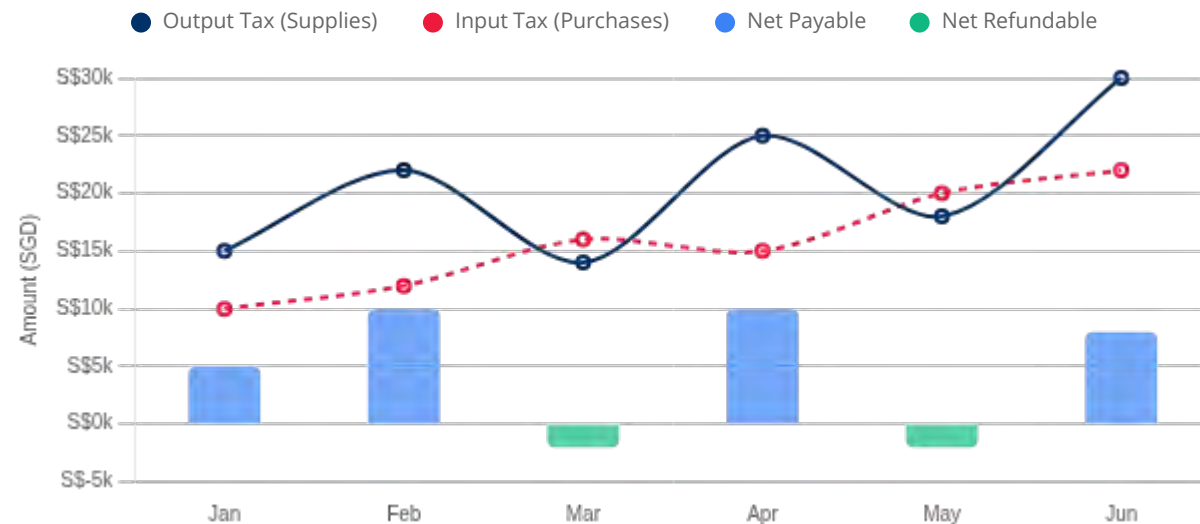
- 🔍 Detects incorrect GST rate applied
- 🔍 Highlight variance beyond pre-defined tolerances thresholds

# Advanced GST Analytics

## Proactive Risk Identifications & Trend Monitoring

### Trend Analysis

Output and Input Tax Trend



#### Output & Input Tax Trend

Monitors Input vs Output tax variance across filing periods to detect anomalies.

#### Payable/Refundable

Tracks net GST position changes against business activity trends.

### Ratio Analysis

Key Performance Indicators

**Taxable Purchases vs Total Supplies** Within Range

**GST Ratio Trend Monitoring** Auto-Track

#### De Minimis Rule CRITICAL

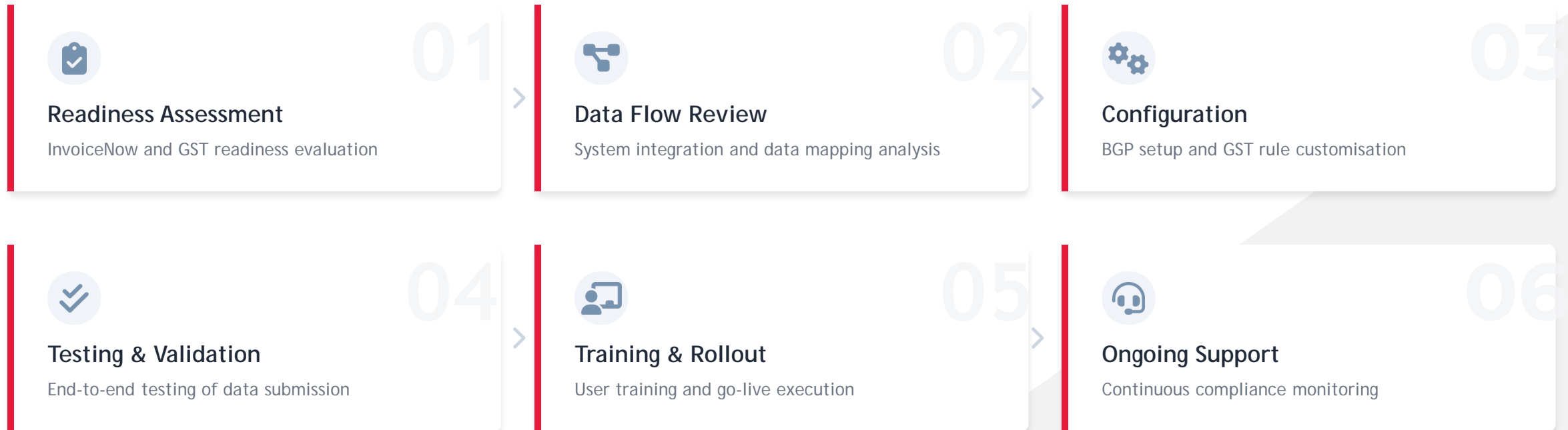
Automated evaluation supporting input tax eligibility for exempt supplies.

VALUE TEST  
**S\$ 40,000**

PERCENTAGE TEST  
**5%**

# Implementation Approach

Structured and Proven



ESTIMATED DURATION

3 - 6 Months



Timeline varies based on organisation complexity

# BDO Service Offerings

## GST InvoiceNow

BDO has strategically partnered with SESAMi, an IMDA-accredited Access Point (AP) provider, to deliver comprehensive and compliant e-invoicing solutions for businesses of all sizes

### **Solution 1** GST InvoiceNow Platform Services [Provided by BDO]

- No integration of ERP to InvoiceNow network
- Customised portal access to transmit invoice data to IRAS and receive invoices from counterparties via the InvoiceNow network to IRAS
- Suitable for small and mirco businesses with limited IT and human resources
- Transaction volume low (<1,000 transactions)
- Fast setup and low cost

# BDO Service Offerings

## GST InvoiceNow

### **Solution 2** Access Point (“AP”) services [Provided by SESAMi]

- Direct ERP integration to AP for seamless data flow via the InvoiceNow network to IRAS and counterparties
- Suitable for medium and large businesses. Designed to handle thousands of transactions efficiently, supporting bulk processing and high-throughput environments
- Transaction volume moderate to high (>1,000 transactions)
- Implementation speed varies depending on integration and complexity

# BDO Service Offerings

GST InvoiceNow

## **GST Technology Solution** Seamless GST Preparation and Reporting Platform

[Jointly by BDO and SESAMi]

- BDO GST Reporting Platform is a software solution that enables seamless preparation and filing of GST returns
- Direct integration with AP or a standalone solution with an option to upload data manually
- Serves as a data analytics tool with built-in logic to highlight irregularities
- Option to extract import transactions via the CrimsonLogic Permit Reconciliation Report
- Ability to file GST returns on the Platform via an API connection to IRAS myTaxPortal

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BDO Seminar

# Singapore Budget 2026

Networking Break



An aerial photograph of Singapore's skyline, showing a mix of modern glass skyscrapers and older buildings with red-tiled roofs. The Marina Bay Sands hotel is visible on the left, and the Esplanade - Theatres on the Bay is in the foreground. The city is surrounded by water and greenery.

# BDO Seminar Singapore Budget 2026

10 March 2026

# Singapore Budget Seminar: Panel Discussion

## MODERATOR



Ms Evelyn Lim  
Executive Director  
Corporate Tax Advisory  
BDO Singapore



Ms Fion Ng  
Managing Director,  
Grandwork Interior  
Pte Ltd



Mr Ang Yuit  
President  
Association of Small &  
Medium Enterprises



Ms Flora Lee  
Managing Director,  
Millennium 3 Building  
Products Pte Ltd



Mr Jackson Cai  
Executive Director  
GST  
BDO Singapore

# Seminar on Singapore Budget 2026

Economic and Investment Outlook

Dr. Tan Kee Wee  
Founder and Principal Economist  
Waveney Economics



BDO Seminar - Singapore Budget 2026

# Fortifying Transfer Pricing Certainty in 2026



**Elis Tan**

Executive Director  
Transfer Pricing  
BDO Singapore

# Global Tax Updates

Revenue Split - By Quarter and Geography



# Global Tax Developments

## Pillar One - Reallocate Taxing Rights to Where Consumers are Located

### Amount A

- Multinational Enterprises (“MNEs”) with > €20b in revenues and profitability of >10%.
- Consumer facing businesses and automated digital services (no physical office)
- Excludes financial services and extractive industries
- Reallocation of 25% of profits in excess of 10% profit to market jurisdictions
- Delayed (Complexity to understand, compliance burden to calculate, political pressure)
- Will unilateral Digital Taxes (on gross revenue) return?

### Amount B

- Aims to simply and streamline the application of the arm’s length principle (“ALP”) to routine marketing and distribution activities
- Excludes commodity trading and distribution of digital products and services
- Pricing matrix : Return on sales (“ROS”) 1.5% to 5.50%, depending on factor intensity and industry groupings
- Optional: Japan, New Zealand, Turkey, Netherlands and Australia opted out
- Disagreements (Optional nature, doubts over tax certainty, strict criteria, rigid margins)

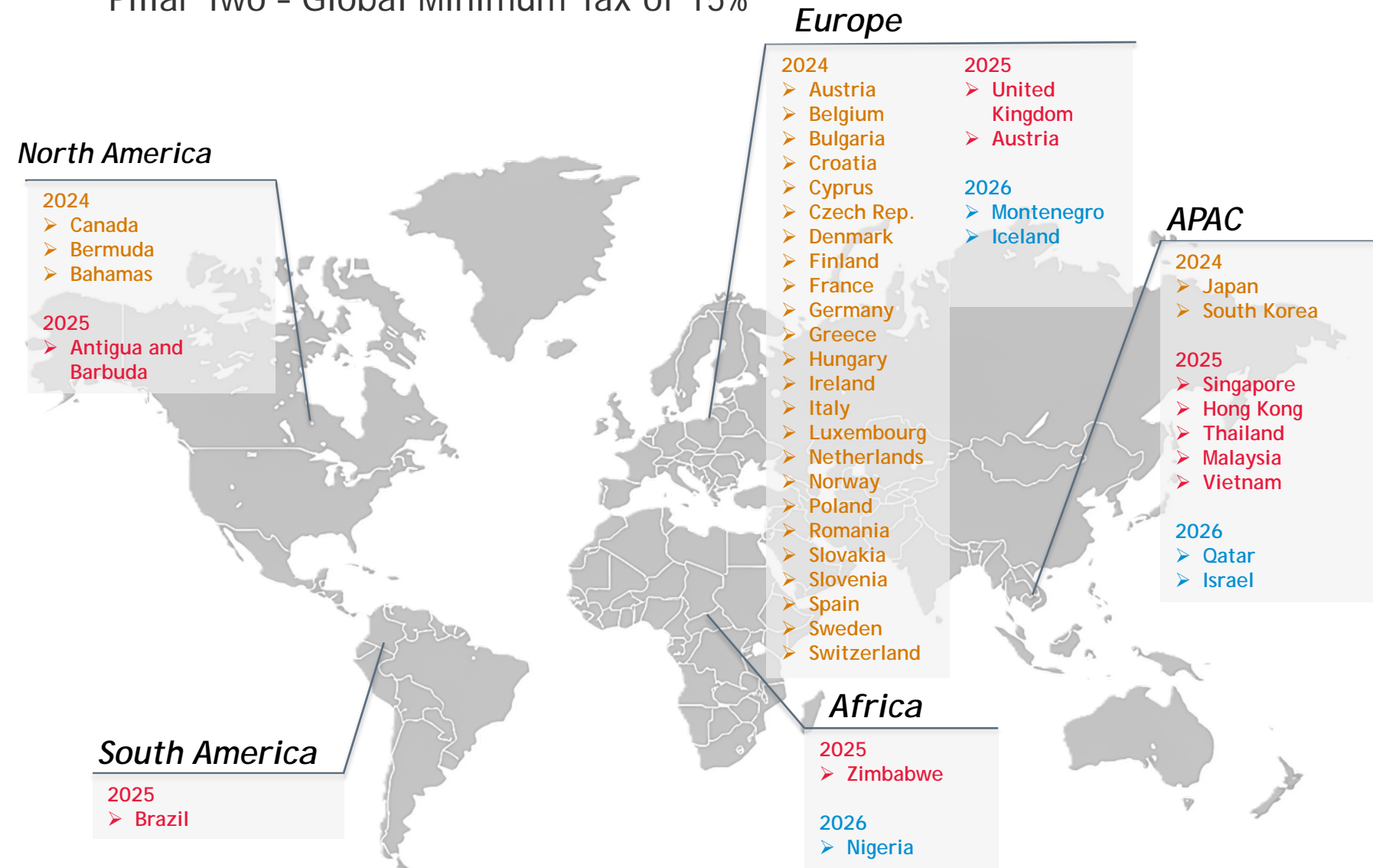
### Singapore’s Progress:

**Amount B:** Singapore introduced Simplified and Streamlined Approach (“SSA”) in the 8<sup>th</sup> Edition Transfer Pricing Guidelines.



# Global Tax Developments

## Pillar Two - Global Minimum Tax of 15%



## Pillar Two

- MNEs with consolidated revenues > €750m
- Effective tax rates (“ETR”) calculated for all entities in a specific jurisdiction (not company-by-company). If ETR is <15%, top-up tax calculated
- Requires extensive data not traditionally tracked
- Main mechanisms:
  - IIR (Income Inclusion Rule - top-up tax collected by parent entity's jurisdiction)
  - UTPR (Undertaxed payments rule - backstop if IIR not implemented, other countries can collect tax)
  - Qualifying Domestic Minimum Top-up Taxes (domestic top-up taxes “DTT” in local jurisdictions)

## Singapore's Progress

- Pillar 2 implementation for financial years beginning on or after 1 January 2025 (includes IIR and DTT). UTPR deferred (flexibility).
- Refundable Investment Credits (from September 2025) treated as income, not a reduction in tax.

# Global Tax Developments

## Side-by-Side (“SbS”) Arrangement

### Proposed Section 899

#### “Revenge Tax”

Levy taxes on certain non-US corporations and individuals where their home jurisdictions adopted taxes (Digital service tax - “DSTs” and Diverted profit tax - “DPTs”) viewed by the US as discriminatory or extra territorial towards US taxpayers.



### SbS Safe Harbour

G7 countries agreed to align Pillar Two GMT rules with existing robust tax systems of qualifying jurisdictions (currently only the US)

US MNEs can elect a deemed top-up tax of zero, effectively shielded from IIR and UTPR (still subject to Qualified domestic minimum top-up tax - “QDMTT”).

In exchange, US agreed to withdraw proposed Section 899 from OBBBA (“One Big Beautiful Bill”).



### Considerations

- Increased complexity and compliance burdens
- Uneven playing field/ weakens global minimum tax (“GMT”) integrity
- Potential “race” to redomicile
- Non-US MNEs with large US presence - might be still fully subject to IIR/UTPR on non-US profits, despite US domestic tax rules equivalent to a US group.



# Global Tax Developments

## US Net controlled foreign corporation tested income ("NCTI") vs OECD Pillar Two



### US-parented MNEs

- Blended worldwide calculation (advantage)
- 12.6% effective rate, 90% deemed-paid foreign tax credit ("FTC")
- IIR = zero. UTPR = zero. Full SbS exemption
- Undermine the level playing field that Pillar 2 intends to achieve

NCTI\*  
(formerly GILTI)  
Calculations

Pillar Two  
Calculations

### Non-US parented entity

- Jurisdictional ETR per country
- Monitor global income and top-up tax exposure
- File global information return and local returns
- US subsidiary still subject to US domestic tax

### Critical Challenges

#### 1. Lack of alignment



Different in tax bases, definitions, and application (blended vs jurisdictional)



#### 2. Competitive distortion



US MNEs may face lower effective rates, creating an uneven playing field

# Global Tax Developments

## Trump and Tariff

*In February 2026, courts ruled IEEPA tariffs unconstitutional. Section 232 tariffs (steel, autos) remain intact. Trump replaced them with a new 10% global tariff under Section 121 (expires July 2026).*

*What happens next?*

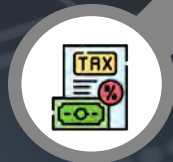
Supply Chain Relocation (e.g., Out of China)



Cost Structure and Pricing Strategy



"Just-in-Time" to "Just-in-case"



Digital Adoption and Automation



"Near-shoring"



"Supplier Diversification"

# Impact of Tariffs on Transfer Pricing

Tariff may distort profitability, intercompany pricing and risk allocation

## Key Transfer Pricing Implications

- Tested party profitability distorted (profits below benchmarks or in losses after tariffs).
- Year-End adjustments are a Dual-Risk Problem (Retroactive TP adjustments to fix margin shortfalls = overpaid customs duties).
- Intercompany Pricing Needs Real-Time Recalibration (cannot rely on single year-end adjustment).
- Benchmarking analysis needs 3-year averaging. Tariff - impacted 2025 data not available yet. Will adjustments be accepted?
- Transfer pricing documentation may need updates to reflect changes in cost allocation and risk assumption (e.g., Tariff cost absorption, inventory risk, sales margin risk).
- Absence of a tax treaty between US and Singapore.

	Company A (without tariff)	Company A (with 10% tariff)
Sales	100	100
COGS*	(70)	(70)
Tariff (10%)	-	(7)
Gross Profit	30	23
Operating Expenses	(25)	(25)
<b>Operating Profit/ (Loss)</b>	<b>5</b>	<b>(2)</b>

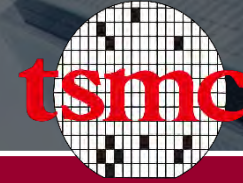
\*Cost of goods sold

# Global Tax Developments

## Examples of Business Restructuring



- Accelerated moving ~20% of iPhone production to India and Vietnam to reduce exposure to U.S. 25% tariffs.
- **Transfer pricing:** Higher production costs and less mature manufacturing ecosystems.



- Invest \$165b into to build 6 plants, 2 packaging and research and development ("R&D") center. To secure domestic Artificial intelligence ("AI") chip supply chains.
- **Transfer pricing:** Transferring intellectual property ("IP") and profit allocation with Taiwan Headquarter ("HQ").

# Model Tax Convention - Remote Work and Taxable Presence

Updated in November 2025

*New Article 5 clarifies when cross-border remote work creates a Permanent Establishment ("PE"), and Article 9 commentary on transfer pricing was revised. The changes reshape PE exposure and treaty interpretation starting in 2026.*



- Remote working from a foreign home office does not create a PE if the employee spends less than 50% of their total working time there.
- This bright-line threshold reflects the OECD's updated framework, which treats sub-50% use as generally not regular or substantial enough to constitute a fixed place of business

The 50% Time Test

The Commercial Reason Test

- A PE only arises when an employee working abroad more than 50% of the time does so for a genuine commercial purpose of the enterprise.
- Valid commercial reasons include servicing local clients or suppliers, providing customer or IT support across time zones, or collaborating with local research or business partners.
- If the arrangement exists solely for employee flexibility or retention, no PE might be created.



Note!

A roaming employee won't automatically trigger a corporate tax filing obligation abroad. But anyone working 50%+ of their time from a foreign home office needs a proper PE risk assessment.

# Crypto-Asset Reporting Framework ("CARF")

## What is CARF?

CARF is the crypto equivalent of CRS/FATCA. Beginning 1 January 2026, crypto-asset transactions will be collected by exchanges and reported to tax authorities, who will begin international automatic exchange from 2027.



## Singapore's CARF Status

- Singapore signed the CARF Multilateral CA Agreement on 26 Nov 2024.
- IRAS has not issued local CARF e-tax guidance yet.
- Data collection begins in 2027; first reporting in 2028.
- A self-review tool is available for determining reporting crypto asset service provider ("RCASP") reporting obligations.

## Who does it Impact?

### Type 1

Reporting Crypto-Asset Service Providers ("RCASP") such as Exchanges, platforms, payment processors, and brokers.

- Collect tax-residency self-certs
- Report all transactions & transfers (annual)
- Upgrade KYC, data, training
- Penalties for non-compliance



### Type 2

Multinational companies that hold crypto as treasury, investment, or use it for payments.

- Transactions shared globally (from 2027)
- More scrutiny for TP, liquidity & flows

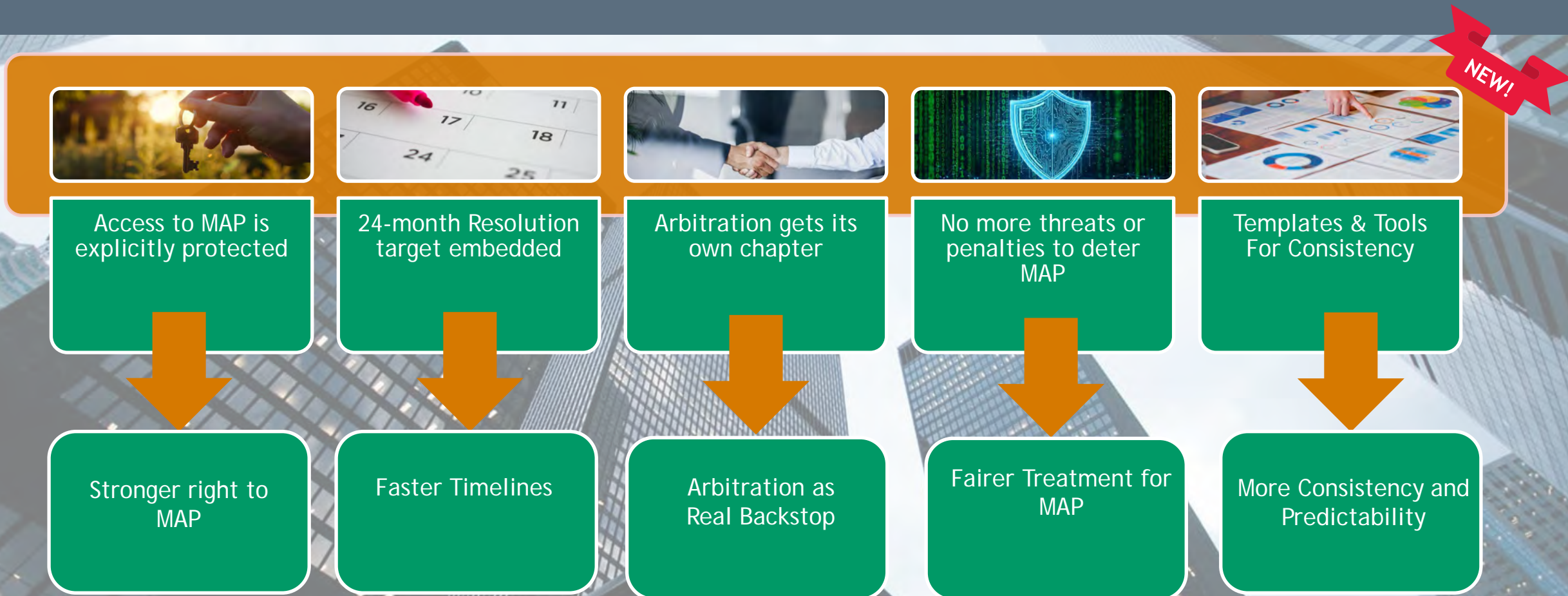


# 2026 Mutual Agreement Procedure ("MAP") Manual ("MEMAPS")

## What Changed & Why It Matters

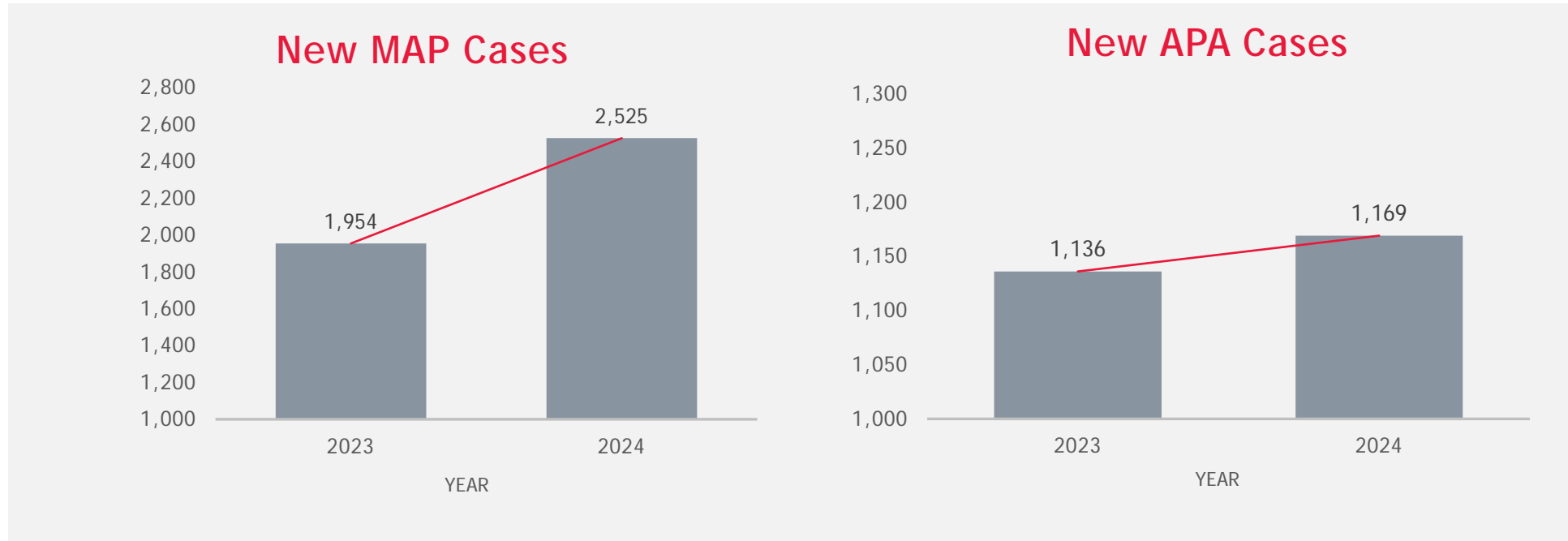
### What is MAP?

A Treaty mechanism - when a tax authority makes a TP adjustment that causes a company to be taxed twice on the same income, a Mutual Agreement Procedure can be invoked – asking the two countries' tax authorities to discuss and relieve double taxation. The MEMAPS , the practical playbook for MAP, had its first full update since 2007.



# Dispute Resolution Mechanism

OECD Global Statistics on New APA and MAP cases in 2023 and 2024

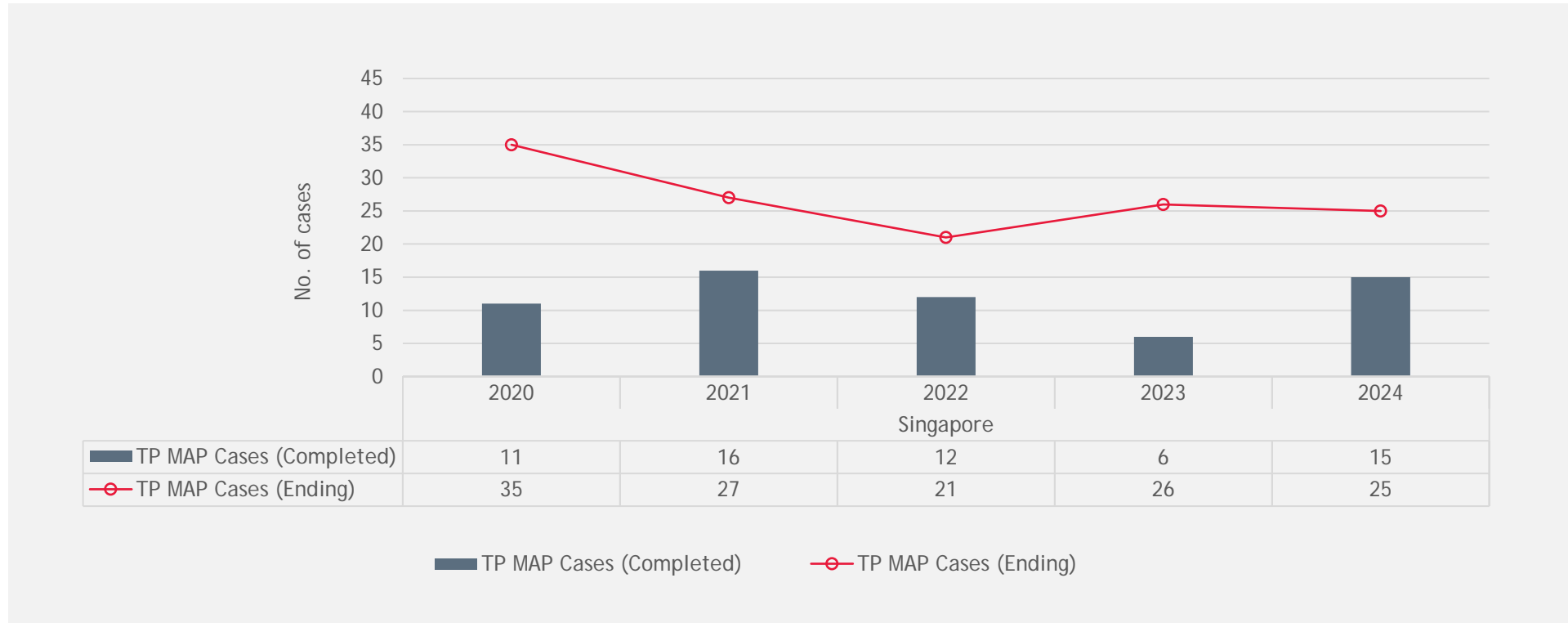


## OBSERVATION

- There is a noticeable rise in transfer pricing dispute activity.
- New MAP (Transfer Pricing - "TP") cases increased significantly by approximately 29%.
- New APA ("Advanced pricing agreement") cases saw a modest rise of about 3%.
- The upward movement indicates escalating transfer pricing disagreements and a heightened need for certainty among taxpayers.

# 5-Year Statistics on Mutual Agreement Procedure

Singapore Statistics on MAP cases from 2020 to 2024

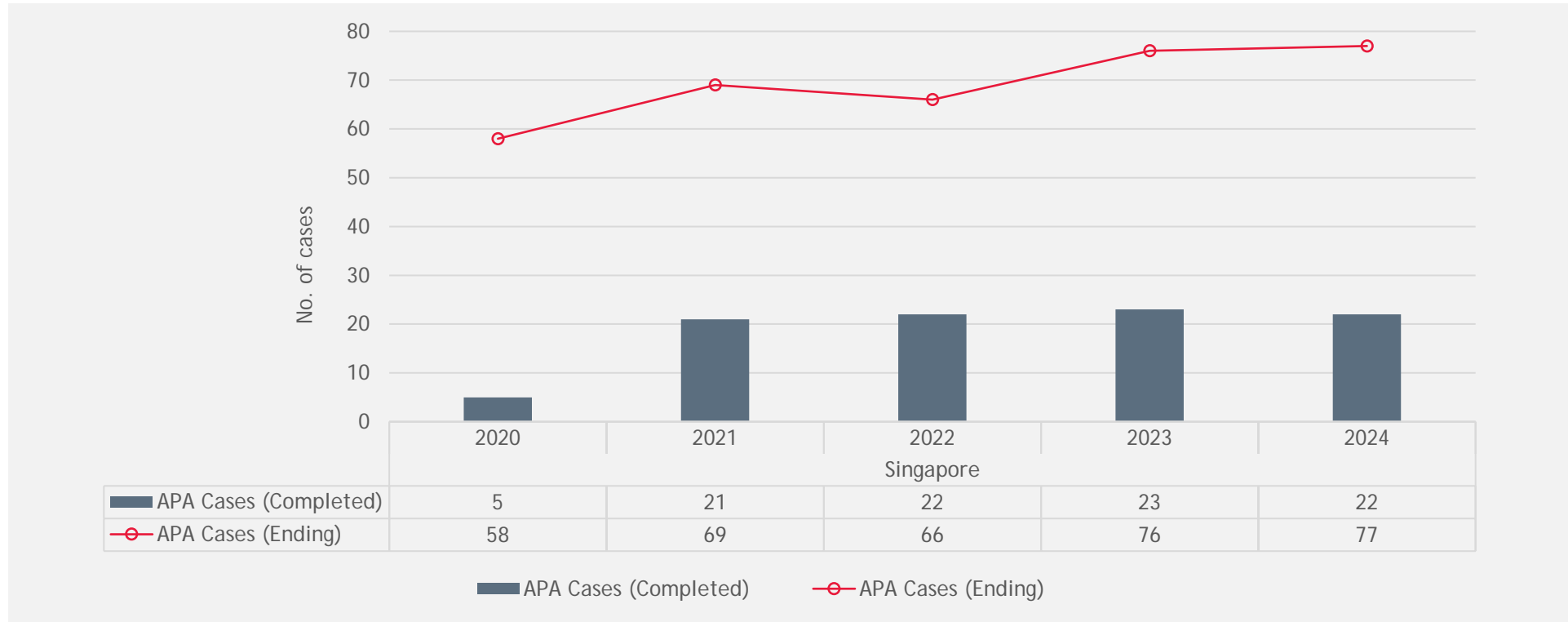


## OBSERVATION

- As of the latest data available, Singapore shows a stable flow of new MAP cases, consistent with its role as a regional centre for complex TP matters.

# 5-Year Statistics on Advance Pricing Arrangement

Singapore Statistics on APA cases from 2020 to 2024

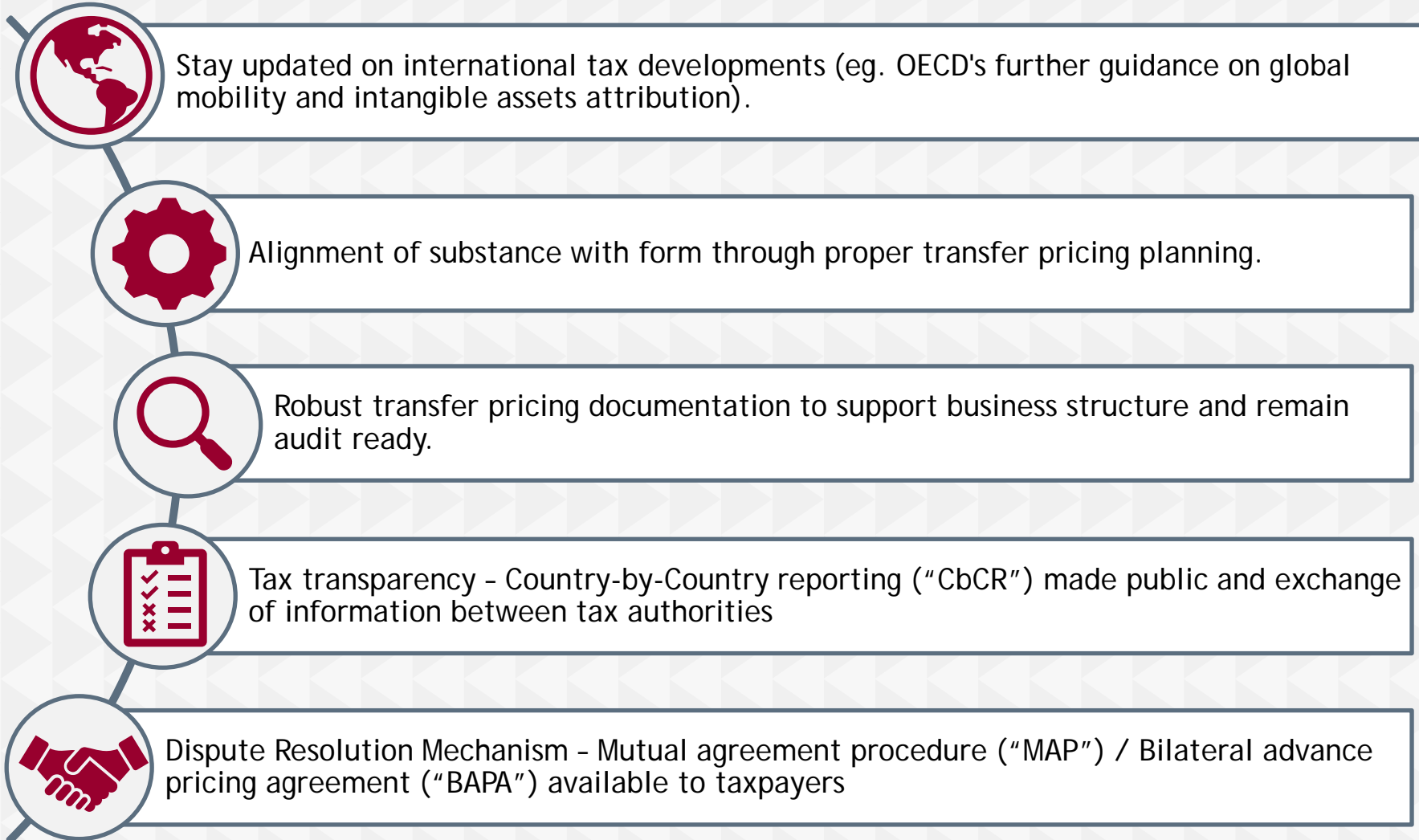


## OBSERVATION

- APA inventories remain generally stable indicating continued APA activities and a steady demand for APA.
- Singapore consistently maintains a large APA portfolio, reflecting a well-established and effectively utilized APA program.

# Global Tax Developments

What can taxpayers do?



# Singapore TP Updates

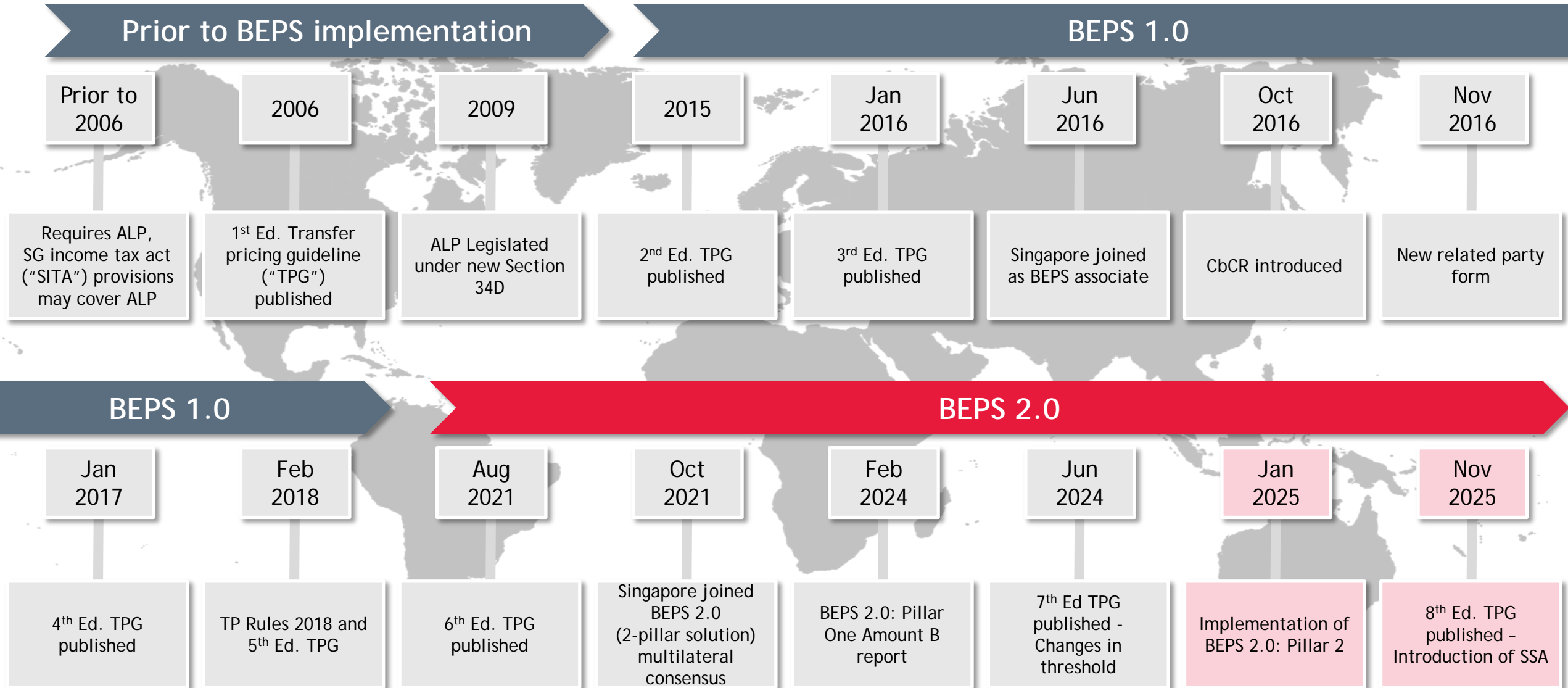


Koh Yun Qi

Executive Director  
Transfer Pricing  
BDO Singapore

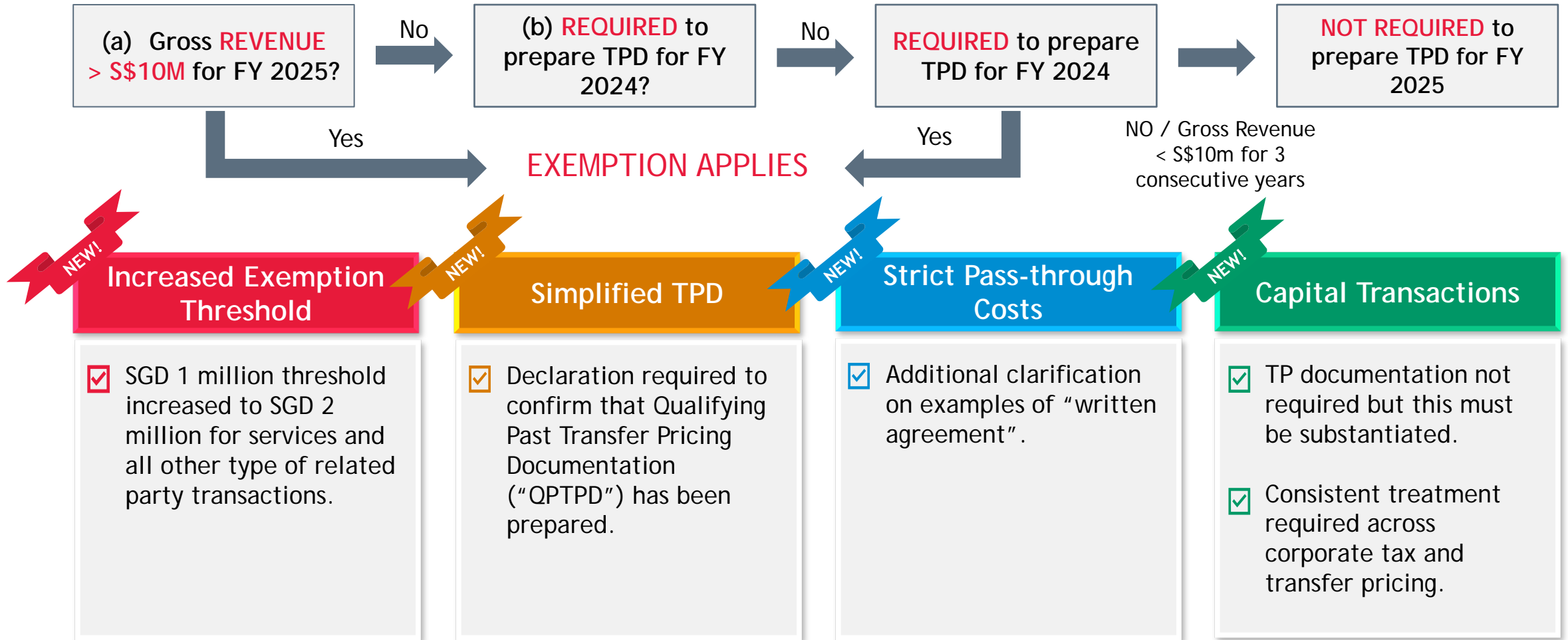
# Singapore Transfer Pricing Roadmap

Updates in 2025



# Singapore's TPD Requirements

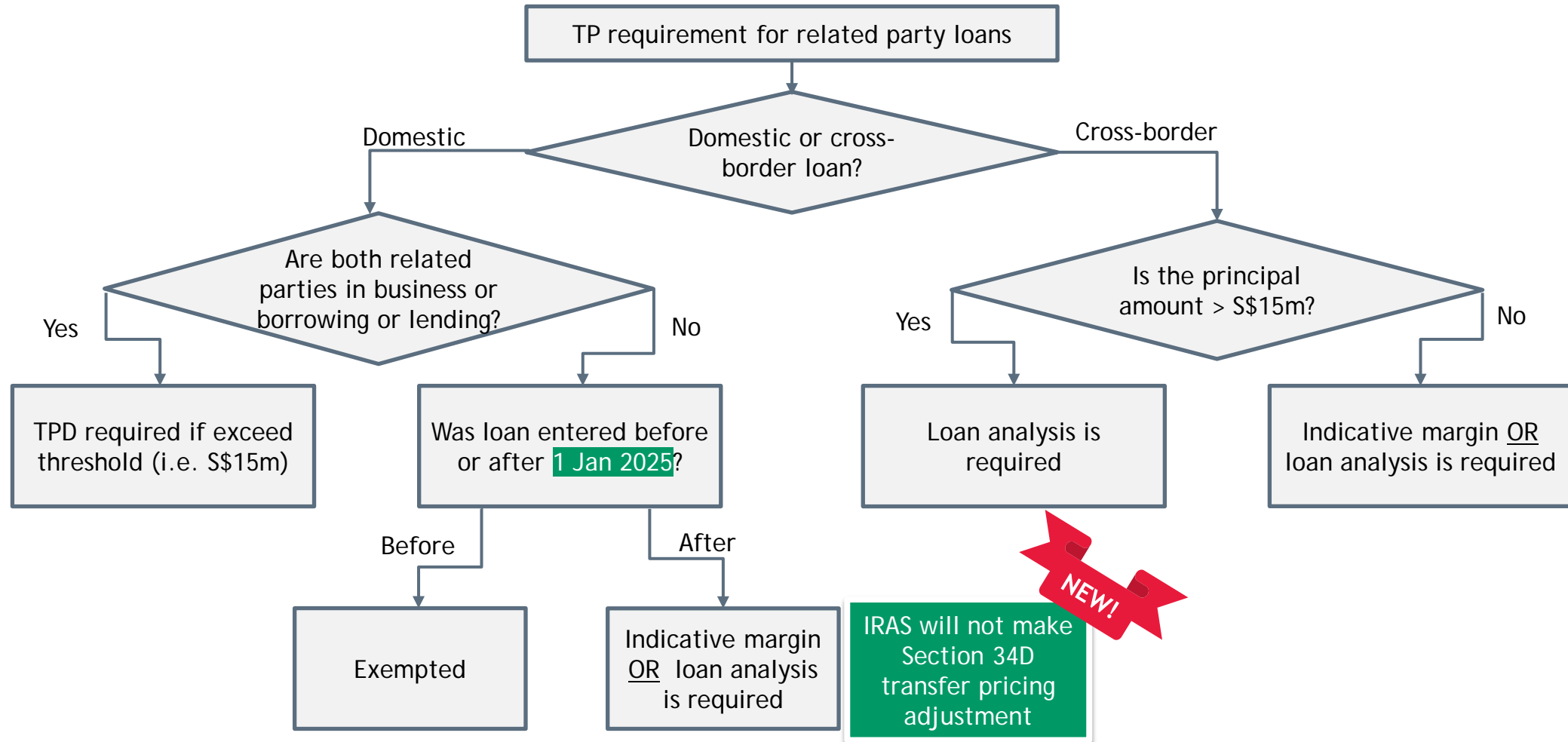
## FY 2025 TPD Compliance





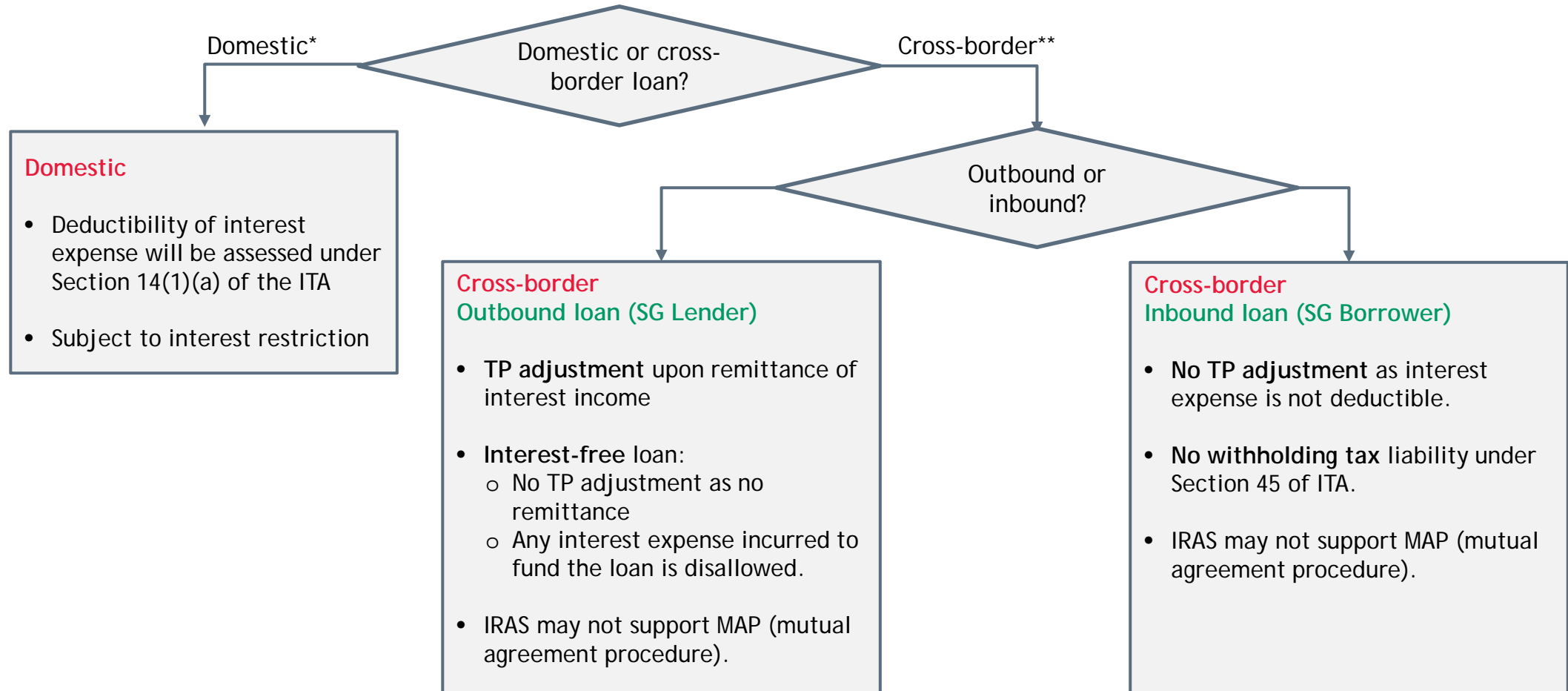
How do you feel about related party loans?

# 8th Edition TPG: Update on Related Party Loans



# Related Party Loans

## Tax Consequences of Non-compliance with the Arm's Length Principle

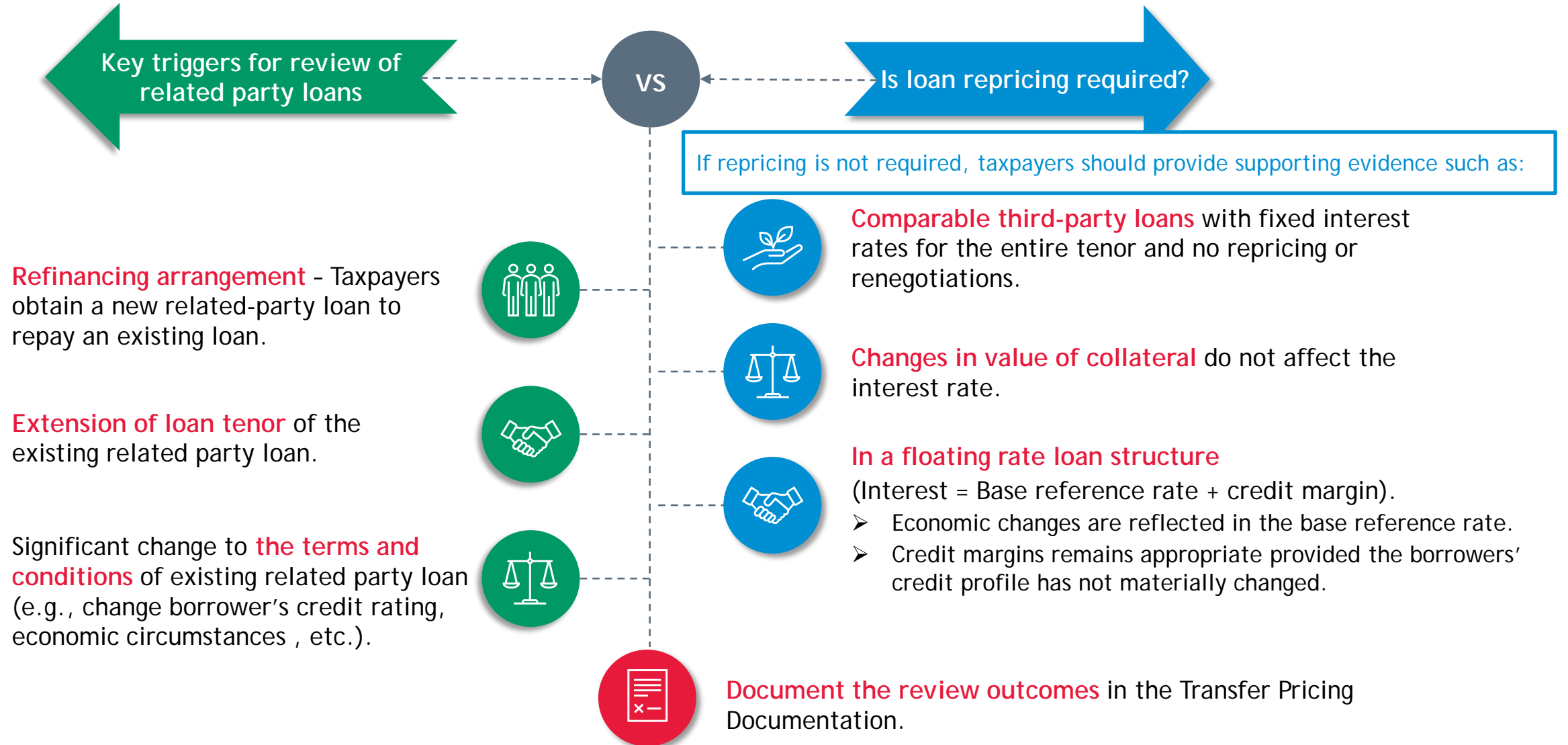


\* Lending and borrowing parties are not in the business of borrowing and lending.

\*\* Includes domestic loans where lending or borrowing party is in the business of borrowing and lending.

# Related Party Loans

Requirement of annual review of related party loans

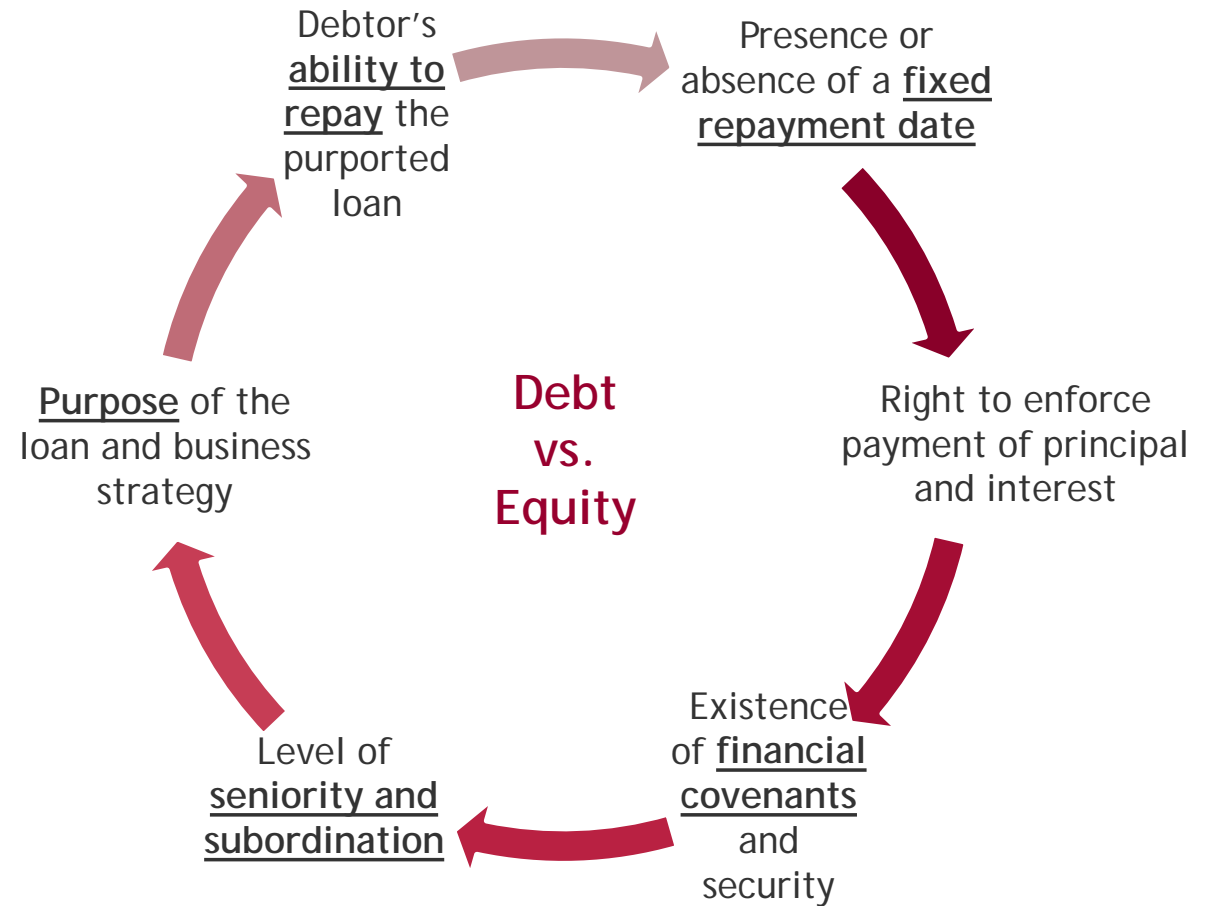


# Related Party Loans

## Power to Recharacterise or Disregard Funding Arrangements

### Reinforced in 8<sup>th</sup> Ed TPG

- IRAS may recharacterise related-party funding based on economic substance.
- Debt-equity classification must reflect commercial reality.
- Hybrid instruments may trigger General Anti-Avoidance Rules ("GAAR") under Section 33A of the ITA.
- Non-commercial structures may be disregarded.



# Related Party Loans

## Power to Re-characterise or Disregard Funding Arrangements

### Why is Debt vs. Equity characterisation important?

#### Tax effect

- **Debt:** Interest payments on debt are generally tax-deductible, which reduces the company's taxable income.
- **Equity:** Dividend payments to shareholders are not tax-deductible, making equity a more expensive form of capital in terms of cash outflows.
- **Recharacterisation risk:** If tax authority decides a "loan" is actually equity, they may disallow the interest deduction, resulting in significant, unforeseen tax penalties

Particulars (USD'000)	Debt	Equity
Sales	1,000	1,000
Cost of goods sold	500	500
<b>Gross profit</b>	<b>500</b>	<b>500</b>
Operating expenses	(300)	(300)
<b>Operating profit</b>	<b>200</b>	<b>200</b>
Interest expense	100	0
Taxable income	100	200
<b>Tax expense (@17%)</b>	<b>17</b>	<b>34</b>
Net income	83	166

# Dispute Resolution

## Clarification on Recourse for Taxpayers

If taxpayers disagree with a TP adjustment proposed by IRAS, the following avenues are available:

### Formal Objection and Appeal

Taxpayers may file an objection to the assessment and follow IRAS' Objection and Appeal Process.

### Domestic legal channels

Taxpayers may seek recourse through legal remedies available under the ITA.

### MAP (Mutual Agreement Procedure)

Taxpayers may request MAP under an applicable tax treaty to resolve double taxation arising from TP adjustments.

The 5% surcharge will be adjusted accordingly where the TP adjustment is subsequently increased, reduced, or annulled.

# Dispute Resolution

## Protective MAP: Safeguarding Your Rights While Pursuing Other Remedies

A protective MAP application allows taxpayers to submit a MAP request within the DTA (double tax treaty) time limit while deferring examination until other courses of action (e.g., domestic legal remedies) are completed.

### 1 Requirements to Apply

- Submit within DTA time limit
- Provide required details
- Clearly indicate deferral request
- State reasons for protective application

### 2 Benefits of Protection

- Preserves MAP rights
- Delays tax enforcement
- Allows pursuit of other remedies

### 3 Process Overview

- Submit initial MAP request
- Acknowledge deferral
- Monitor other proceedings
- Resume MAP after resolution

# Attribution of Profits to Permanent Establishment

## New Clarification

The attribution of profits to a Permanent Establishment (“PE”) is governed by the Business Profits Article of the relevant DTA, grounded on the principle that the **profits attributable to a PE are those that the PE would have derived if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions.**



---

## No Additional Singapore Tax Liability

- Taxpayer is remunerated at arm's length
  - Adequate TP documentation is maintained
  - Foreign related party does not perform any other FAR in Singapore
-

# Pillar One - Amount B

Simplified and Streamlined Approach (“SSA”) for Baseline Marketing and Distribution Activities

**Pilot Implementation Period: 1 January 2026 to 31 December 2028**

- Purpose: Simplifies and streamlines pricing for qualifying baseline marketing and distribution transactions between related parties.
- Optional for taxpayers to apply the SSA on qualifying transactions.
- SSA = arm’s length outcome
- Applying the SSA does not impose an expectation on the foreign tax authority to accept the SSA.
- IRAS will review whether to continue with the SSA after the pilot implementation period.

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## The Inclusive Framework Political Commitment

**Applicable Period: 1 January 2025 to 31 December 2029**

### Scope and General Commitment

- **Non-Binding Default:** Generally, an SSA outcome applied by one jurisdiction is non-binding on the counterparty jurisdiction.
- **The Exception (Covered Jurisdictions):** Members of the OECD/G20 Inclusive Framework (including Singapore) commit to respect the SSA outcome if applied by a "covered jurisdiction."
- **Requirement:** There must be a Double Taxation Agreement ("DTA") in effect between Singapore and the covered jurisdiction.
- **Reference:** The official list of covered jurisdictions with a DTA is published on the IRAS website.

### Singapore's Commitments and Relief

- **Respecting Outcomes:** Singapore commits to respecting the SSA outcome determined by a covered jurisdiction as an arm's length outcome.
- **Relieving Double Taxation:** Singapore will take all reasonable steps to relieve potential double taxation arising from a covered jurisdiction's SSA application.
- **Dispute Resolution (MAP):** If a Singapore taxpayer suffers double taxation from a covered jurisdiction's SSA adjustments, they can request IRAS to resolve it through the Mutual Agreement Procedure (MAP) under the relevant DTA.

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## SSA for Baseline Marketing and Distribution Activities

### Qualifying Conditions

#### 1 Qualifying Transactions

- Buy-sell marketing and distribution transaction for wholesale distribution of tangible goods to unrelated parties
- Sales Agency and commissionaire transactions where agent/ commissionaire contributes to wholesale distribution\* of tangible goods to third parties

#### 2 Economically Relevant Characteristics

- Reliably priced using one-sided TP method e.g., Transactional Net Margin Method ("TNMM")
- Tested party: Distributor, sales agent, or commissionaire

#### 3 Tested Party's OES ratio must be between 3% to 30%

- OES: Annual operating expenses/ Annual net revenues
- OES ratio is determined annually on a 3-year weighted average basis

\* *De minimis* threshold: 3-year weighted average net retail revenues do not exceed 20% of its 3-year weighted average net revenues

### Determining the Return on Sales ("ROS")

$$\text{ROS} = \frac{\text{Earnings Before Interest and Taxes ("EBIT")}}{\text{Net Revenues}}$$



**Initial thoughts on the Singapore's  
Amount B?**

# Pillar One - Amount B

## Transaction type

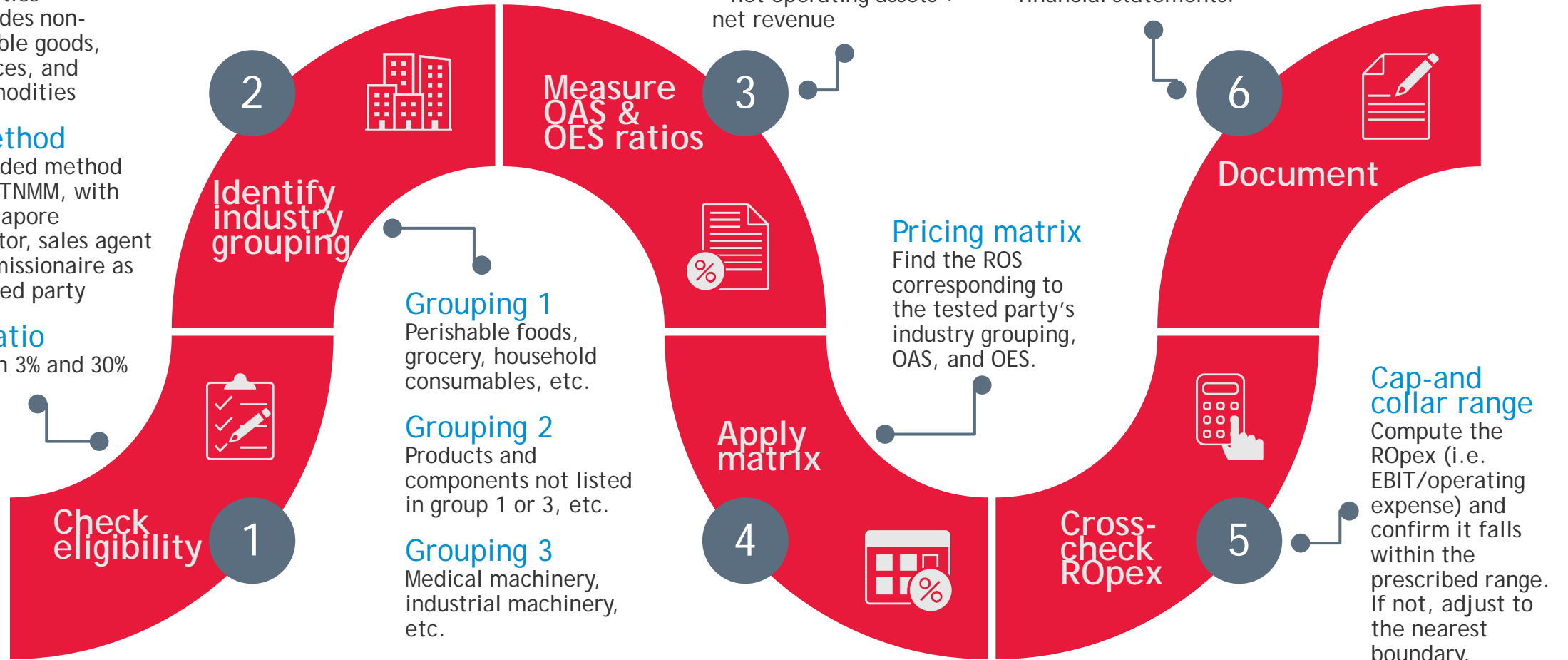
- ✓ Involves wholesale buy-sell distribution, sales agency, or commissionaire activities
- ✓ Excludes non-tangible goods, services, and commodities

## TP method

A one-sided method such as TNMM, with the Singapore distributor, sales agent or commissionaire as the tested party

## OES ratio

Between 3% and 30%



# Pillar One - Amount B

## Case Study

ABC Group is a multinational group that manufactures and distributes household consumables

- Company A (Country A) is the parent company of the group.
- Company B (Country B) is a subsidiary of Company A that performs wholesale distribution activities.

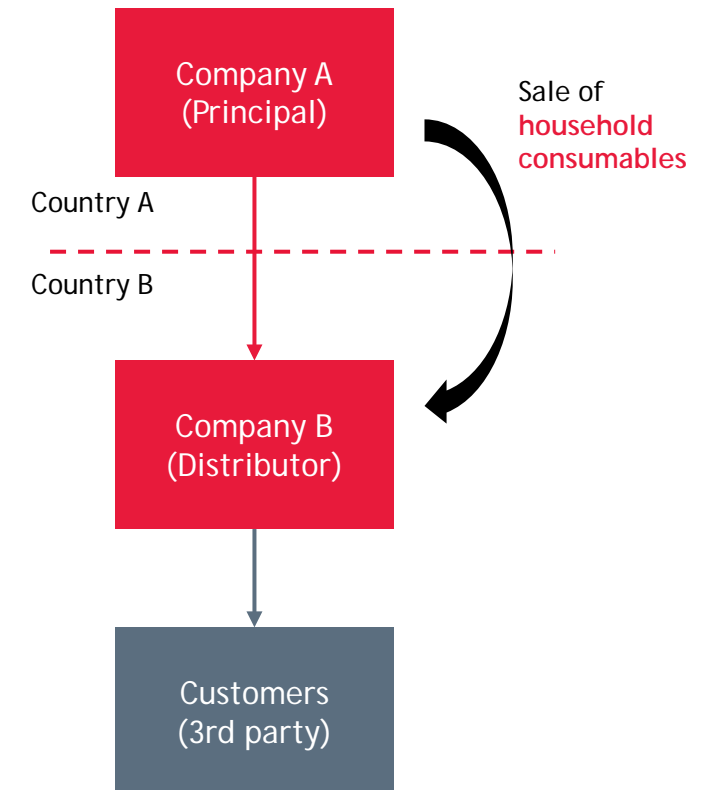
Company A sells household consumables to Company B. Company B resells the products to third-party customers in Singapore.

Company B:

- does not own unique or valuable intangibles; and
- does not assume entrepreneurial or other economically significant risks.

Other details of Company B:

Criteria	Details
Industry Grouping	Group 1
OES Intensity	25%
OAS Intensity	50%



# Singapore's Implementation of Amount B

## Case Study (cont.)

### Step 1 - Check eligibility

#### □ Transaction type

- Wholesale buy-sell marketing and distribution transactions
- Sales agency and commissionaire transactions

#### □ Qualitative scoping criteria

- Can be reliably priced using the TNMM with distributor, sales agent or commissionaire as the tested party
- Tested party should not own unique and valuable intangibles
- Tested party should not incur annual operating expenses  $\leq 3\%$  or  $\geq 30\%$  of its net revenue

- Company B's OES of 25% satisfies the 3%-30% threshold and therefore meets the quantitative scoping requirement for Amount B.

### Step 2 - Identify ROS from the pricing matrix

#### □ Identify Industry Grouping

- Determine the relevant industry grouping ("IG")

Gp 1	Perishable foods, grocery, household consumables, construction materials and supplies, plumbing supplies and metal.
Gp 2	IT hardware and components, electrical components and consumables, animal feeds, agricultural supplies, alcohol and tobacco, pet foods, clothing footwear and other apparel, plastics and chemicals, lubricants, dyes, pharmaceuticals, cosmetics, health and wellbeing products, home appliances, consumer electronics, furniture, home and office supplies, printed matter, paper and packaging, jewellery, textiles hides and furs, new and used domestic vehicles, vehicle parts and supplies, mixed products and products and components not listed in group 1 or 3.
Gp 3	Medical machinery, industrial machinery including industrial and agricultural vehicles, industrial tools, industrial components miscellaneous supplies.

#### □ Identify ROS range from pricing matrix

Factor Intensity	Gp 1	Gp 2	Gp 3
(A) OAS ( $\geq 45\%$ ), any OES level	3.50%	5.00%	5.50%
(B) OAS (30% - 44.99%), any OES level	3.00%	3.75%	4.50%
(C) OAS (15% - 29.99%), any OES level	2.50%	3.00%	4.50%
(D) OAS ( $< 15\%$ ), OES $\geq 10\%$	1.75%	2.00%	3.00%
(E) OAS ( $< 15\%$ ), OES $< 10\%$	1.50%	1.75%	2.25%

- Company B is in Industry Group 1 - OAS 50% it falls in Factor Intensity A.

- The corresponding matrix ROS is 3.50%. The acceptable range is  $3.50\% \pm 0.50\% = 3\% - 4\%$ .

# Pillar One - Amount B

## Case Study (cont.)

### Step 3 - Perform operating expense cross check

#### ❑ Determine the applicable cap-and-collar rates

- Cap-and-collar rates are the minimum and maximum operating margin limits that can be applied.

Factor intensity as in the pricing matrix	Cap rates	Collar rate
High OAS [A]	70%	10%
Medium OAS [B] + [C]	60%	
Low OAS [D] + [E]	40%	

#### ❑ Compare equivalent ROpex\* against cap and collar

- ROpex cap-and-collar adjustments
    - Within range - No ROS adjustment
    - Above cap - Adjust EBIT downwards until cap reached
    - Below 10% - Adjust EBIT upwards until 10% collar reached
- As the OAS is 50%, the relevant operating expense cap-and-collar range is 10% - 70%.

#### ❑ Company B's actual sales, EBIT and operating expenses

Items	Formulas	SSA Step 1	SSA Step 2
Sales	(a)	\$200	\$200
Operating expenses	(b)	\$8	\$8
EBIT*	(c)	\$7	
ROS	(d) = (c) / (a)	3.50%	
ROpex	(e) = (c) / (b)	87.50%	
Adjusted EBIT under SSA	(f) = (b) x 70%		\$5.60
Adjusted ROS under SSA	(g) = (f) / (a)		2.80%

- The ROpex of 87.50% > operating expense cap of 70%.
- Company B to adjust EBIT downwards to \$5.60.
- ROS after adjustment is 2.80% - tested party's final ROS under SSA.
- Company B to make year-end adjustments to reduce its EBIT by \$1.40 (\$7 - \$5.60).

# Pillar One - Amount B

Case Study (cont.)

## Step 4 - SSA Transfer Pricing Documentation

### □ Supporting documentation for the SSA must be included in the TPD

- **Description** of the qualifying transaction, including a **functional analysis** of the relevant parties.
- **Written contracts** governing the qualifying transaction.
- **Calculations** demonstrating the determination of revenues, operating expenses and operating assets allocated or attributed to the qualifying transaction.
- **Supporting schedules** for the calculations, including how the financial data ties back to the annual financial statements.

# Looking Ahead: Navigating a Shifting Landscape



Rapid regulatory evolution



Dual narrative for taxpayers



The end of 'Set and Forget'



Proactive stress-testing



Change is the Only Constant



# Thank You

*Thank you for your time!*



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Q&A

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# BDO Seminar Singapore Budget 2026

10 March 2026



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