



BDO Breakfast Seminar Singapore Budget 2025

6 March 2025



BDO Breakfast Seminar on Singapore Budget 2025

Opening Address

Mr Frankie Chia
Managing Partner, BDO Singapore

The background of the slide features a close-up, profile view of a person's face wearing glasses. The lenses of the glasses reflect a complex financial chart with multiple colored lines (green, red, blue) and numerical data points. The overall image has a dark, moody aesthetic with a diagonal split between a red upper-left section and a darker lower-right section.

KEY BUDGET 2025 MEASURES

Evelyn Lim, Executive Director

Wong Sook Ling, Executive Director

Adelyn Teh, Director

1. CIT REBATE AND CIT REBATE CASH GRANT

CIT REBATE AND CIT REBATE CASH GRANT

Current

YA	CIT rebate	Capped at
2013 to 2015	30%	S\$30,000
2016	50%	S\$20,000
2017	50%	S\$25,000
2018	40%	S\$15,000
2019	20%	S\$10,000
2020	25%	S\$15,000
2021 to 2023	-	NIL
2024	50%	S\$40,000 less CIT rebate cash grant of S\$2,000

Proposed

YA	CIT rebate	Capped at
2025	50%	S\$40,000 less CIT rebate cash grant of S\$2,000

- Broadly similar to YA 2024:
 - 50% CIT rebate available to ALL taxpaying companies, except for NR companies with income subject to final WHT
 - Cash grant of S\$2,000 is given to all companies, including loss making companies, subject to meeting “1 local employee” condition in 2024, excluding shareholders who are also Directors
- Additional condition: “active company”

CIT REBATE AND CIT REBATE CASH GRANT



IRAS clarification:

- “**Active company**” means at the point of disbursement of cash grant (2Q2025):
 - Carrying on any trade or business
 - NOT under liquidation or receivership
 - NOT an amalgamating company (non-surviving entity), to be removed from the ROC upon completion of amalgamation
- Local employees hired under **centralised hiring arrangement** and deployed to an **active related company** would meet “1 local employee” condition and qualify for CIT rebate cash grant, subject to conditions
- ECI filed: Automatically reassessed to allow CIT rebate by **June 2025**
- Tax return filed: Automatically (re)/assessed to allow CIT rebate by **August 2025**

2. EXTENSION OF DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION

EXTENSION OF DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION

- The Double Tax Deduction for Internationalisation scheme (“DTDi scheme”) seeks to encourage companies to expand overseas
- Companies are allowed tax deduction of 200% on **qualifying expenses** incurred for **market expansion and investment development activities**



EXTENSION OF DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION

- Some qualifying activities and expenses under DTDi scheme include (non-exhaustive):

Participation in overseas market development trip/mission	Participation in overseas trade fairs	Overseas advertising & promotional campaign	Market survey/ Feasibility study
<ul style="list-style-type: none">• Airfare• Hotel stay<ul style="list-style-type: none">• Meals• Overseas transportation, etc	<ul style="list-style-type: none">• Stand rental• Stand design• Stand construction• Corporate brochures• Freight of exhibits	<ul style="list-style-type: none">• Third party consultancy fees• Cost of purchasing advertising space on media channels overseas e.g. TV, radio, trade journals	<ul style="list-style-type: none">• Third party consultant fees

- Scheduled to lapse after 31 Dec 2025
- Extended till 31 Dec 2030
- EnterpriseSG will provide further details by 2Q2025

3. EMPLOYEE EQUITY BASED REMUNERATION SCHEMES

EMPLOYEE EQUITY BASED REMUNERATION SCHEMES



Current

- Allowed tax deduction on cost incurred to acquire:
 - Own shares (i.e. **treasury shares**); or
 - **Treasury shares** of holding company that are transferred to employees under an equity-based remuneration (“EEBR”) scheme
- Tax deduction **not** available where new shares are issued to employees under an EEBR scheme

Proposed

- Allowed tax deduction on payments to holding company or SPV for the **issuance of new shares** of the holding company under an EEBR scheme
- **Lower of:**
 - a) **Amount paid by the company**; and
 - b) **Fair market value, or net asset value** of shares (if FMV is not readily available), at the time shares are applied for the benefit of the employee

less any amount paid by employees
- Effective YA 2026
- IRAS to provide further details by 3Q2025

EMPLOYEE EQUITY BASED REMUNERATION SCHEMES

Poll question 1

If your company currently does not have an EEBR scheme in place, do you think this proposed Budget measure will now encourage your company to adopt an EEBR scheme to attract and retain talent within your company?

- a. Yes
- b. No
- c. Maybe



EMPLOYEE EQUITY BASED REMUNERATION SCHEMES

Poll question 2

If you were given the option, would you prefer to receive your remuneration in the form of shares or cash (i.e. bonus)?

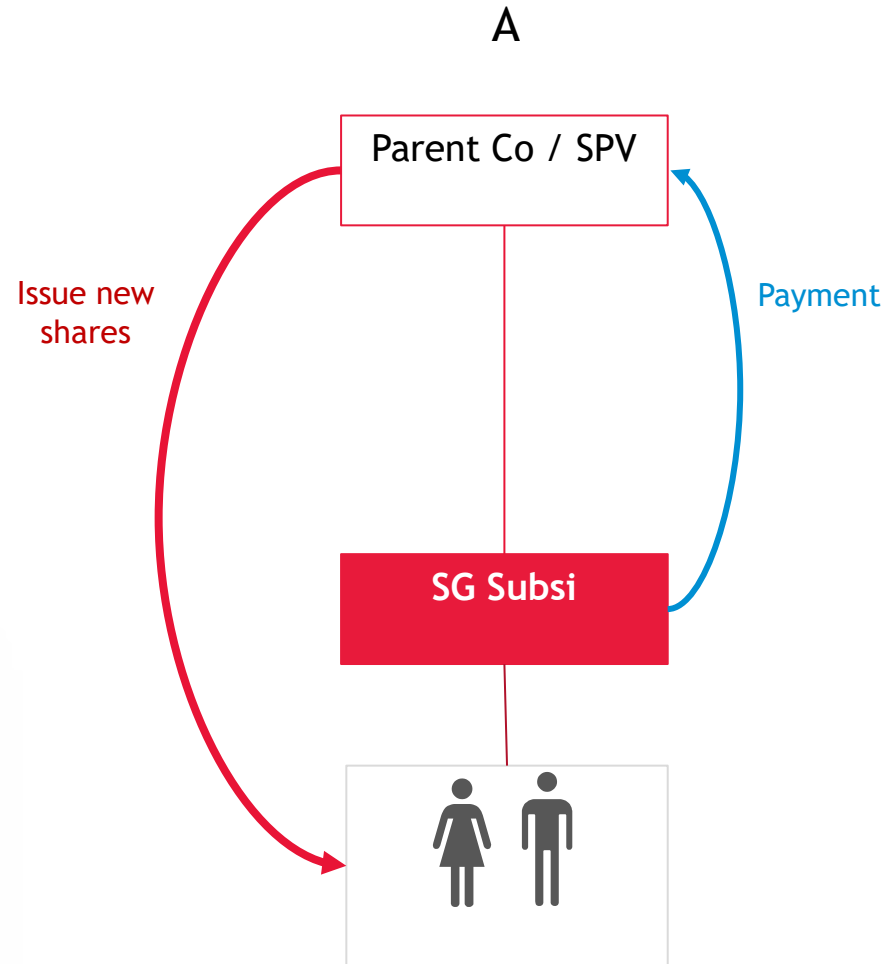
- a. Shares
- b. Cash
- c. Both
- d. Neither - I work purely for personal fulfillment



EMPLOYEE EQUITY BASED REMUNERATION SCHEMES

Discussion

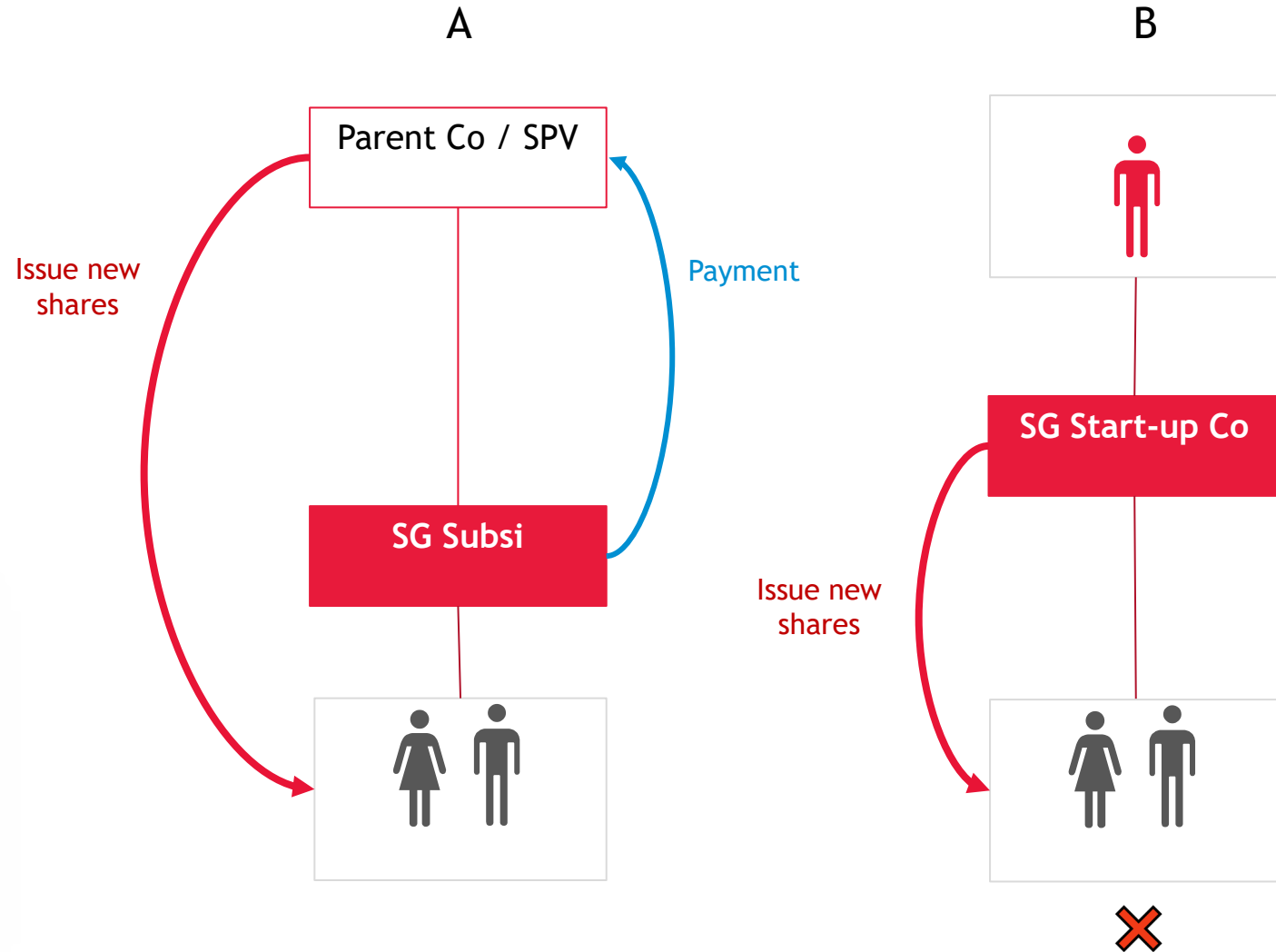
PAYMENTS made to
holding company /
SPV



EMPLOYEE EQUITY BASED REMUNERATION SCHEMES

Discussion

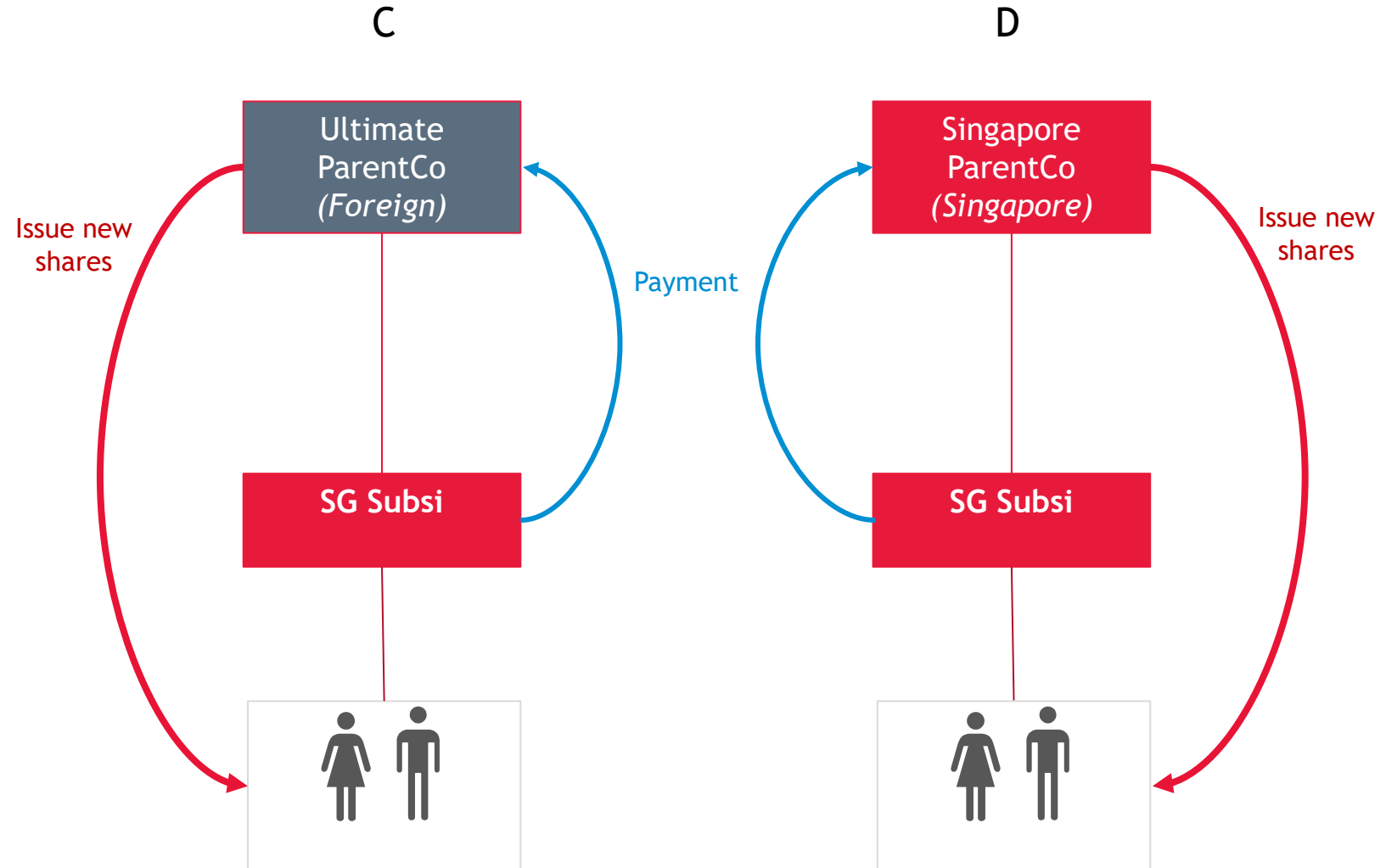
PAYMENTS made to
holding company /
SPV



EMPLOYEE EQUITY BASED REMUNERATION SCHEMES

Discussion

Singapore vs Foreign ParentCo



4. EXTENSION AND ENHANCEMENT TO LAND INTENSIFICATION ALLOWANCE SCHEME

LAND INTENSIFICATION ALLOWANCE SCHEME



Current

- Land Intensification Allowance (“LIA”) scheme grants the approved recipient:
 - a) IA of 25% of qualifying capex incurred to construct/renovate/extend a qualifying building; and
 - b) AA of 5% of qualifying capex incurred over 15 years, upon issuance of TOP for the completed building, subject to conditions
- $\geq 80\%$ of gross floor area of building must be occupied by **approved recipient or related users**
- **Related users: $\geq 75\%$** of common shareholding, directly or indirectly
- To lapse after 31 Dec 2025

Proposed

- LIA scheme will be extended till 31 Dec 2030
- Common shareholding requirement for **related users** will be reduced from “at least 75%” to **“more than 50%”**
- Applicable for LIA applications made from 1 Jan 2026
- Economic Development Board (“EDB”) and Building Construction Authority (“BCA”) will provide further details by 3Q2025



LAND INTENSIFICATION ALLOWANCE SCHEME

Be mindful:

Prospective applicants must **register their interest** to apply for the LIA scheme **within 3 months** of receiving URA's Grant of Written Permission / JTC Consent as Landowner

Failure to meet the specified timeline may lead to the disqualification from the LIA scheme

5. ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

Current

- Section 13W of the ITA provides any gains derived by a company from the **disposal of ordinary shares** in another company is exempt from tax if:
 - a) The divesting company has maintained a minimum level of shareholding of 20% for a continuous period of at least 24 months prior to the date of disposal of such shares (“**shareholding threshold condition**”); and
 - b) The disposals of shares is made during the period **1 June 2012 and 31 Dec 2027**
- Scheduled to expire on 31 Dec 2027

Proposed

- Sunset date of 31 Dec 2027 removed
- The following enhancements will be made, effective for disposal gains derived on or after 1 Jan 2026:
 - a) Expand scope of eligible gains to include gains from the **disposal of preference shares** that are accounted for as **equity** by investee company under applicable accounting principles; and
 - b) Allow assessment of **shareholding threshold condition** to be done on **group basis**
- IRAS to provide further details by 3Q2025

ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

Discussion

Preference shares

- that are accounted for as **EQUITY** by the investee company under the applicable accounting principles



ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

Discussion

Preference shares

- that are accounted for as **EQUITY** by the investee company under the applicable accounting principles

Key features of preference shares

- Advantage over ordinary shareholders -
 - Priority in dividends, preferences in asset distribution (liquidation)
- Generally do not have / have limited voting right
- May have convertible option
- May be redeemable



ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

Discussion

Preference shares

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- May be redeemable

e-Tax Guide on Income Tax Treatment of Hybrid Instruments (2nd edition in 2019):

Legal terms of the instrument indicate the ownership interest in the issuer

- Nature of interest acquired
- Right to participate in issuer's business
- Voting rights conferred by the instrument
- Obligation to repay the principal amount
- Payout, investor's right to enforce payment
- Classification by other regulatory authority
- Ranking for repayment in the event of liquidation or dissolution

A **combination** of factors and the facts and circumstances of the case must be considered

ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

Other considerations

WHAT ELSE ?

Section 10L
(disposal from 1 January 2024 onwards)

“To address international tax avoidance risks relating to non-taxation of disposal gains in the absence of **real economic activities**, Singapore has amended its foreign-sourced income regime to **subject foreign-sourced disposal gains to tax** under specific circumstances. The amendment is in line with Singapore’s focus on **anchoring substantive economic activities** in Singapore and our longstanding policy to align key areas of our tax regime with international norms”

WHO Entity of a relevant group (essentially an entity belonging to a group where not all entities are incorporated, registered or established in Singapore, further definition in the guide)

Does not meet **substance requirements**

WHAT Foreign assets (including foreign shares)

WHEN Received/deemed received in Singapore

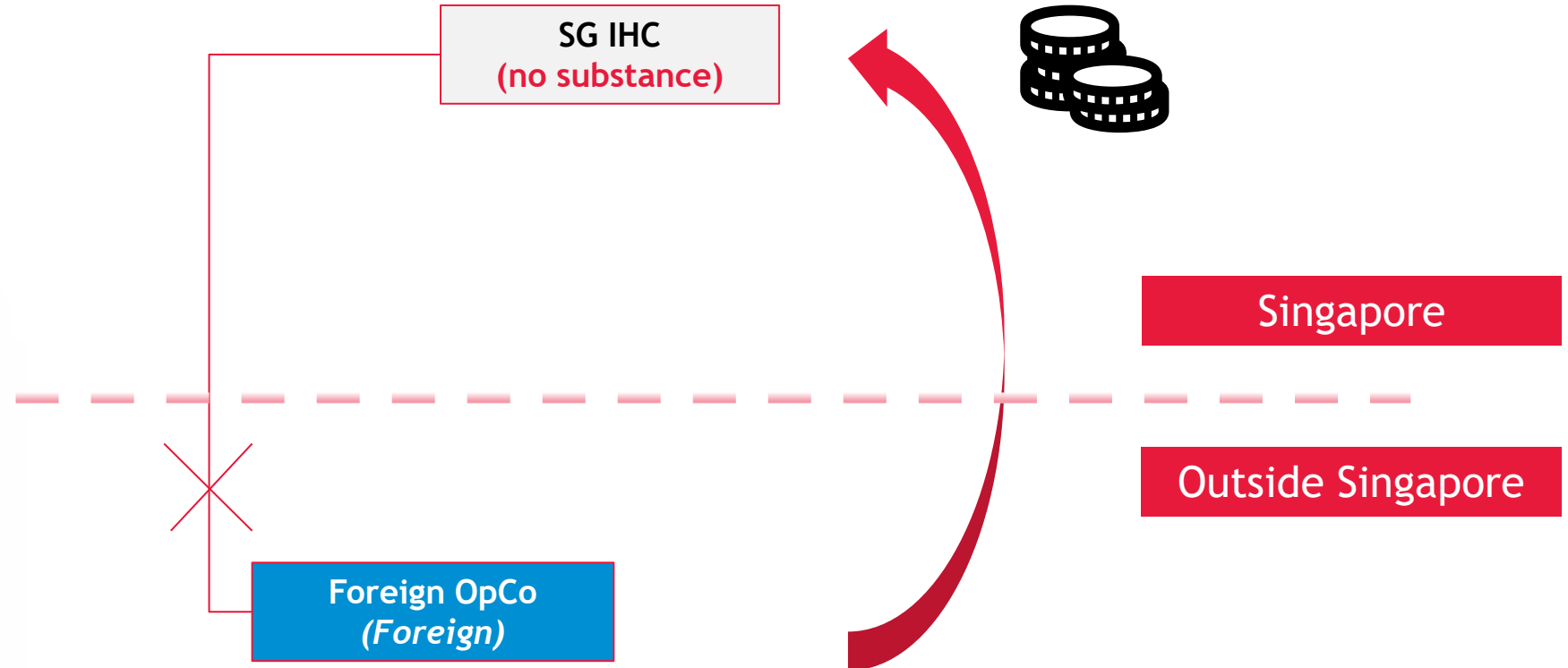


ENHANCEMENT TO SECTION 13W TAX EXEMPTION SCHEME

Other considerations

WHAT ELSE ?

- Both badges of trade test and Section 13W cannot be applied



6. EXTENSION OF MERGERS & ACQUISITIONS SCHEME

EXTENSION OF MERGERS & ACQUISITIONS SCHEME

- The mergers & acquisitions scheme (“M&A scheme”) seeks to encourage **Singapore companies** to grow through strategic acquisitions
- A company that acquires ordinary shares in a target company during the period from 1 April 2010 to 31 Dec 2025 can enjoy:
 - **M&A allowance on 25% of qualifying share purchase consideration** (capped at S\$40 million for all qualifying acquisitions per YA)
 - **200% tax deduction on transaction costs** incurred on qualifying share acquisitions, subject to expenditure cap of S\$100,000
- Scheduled to lapse after 31 Dec 2025
- Extended till 31 Dec 2030



EXTENSION OF MERGERS & ACQUISITIONS SCHEME

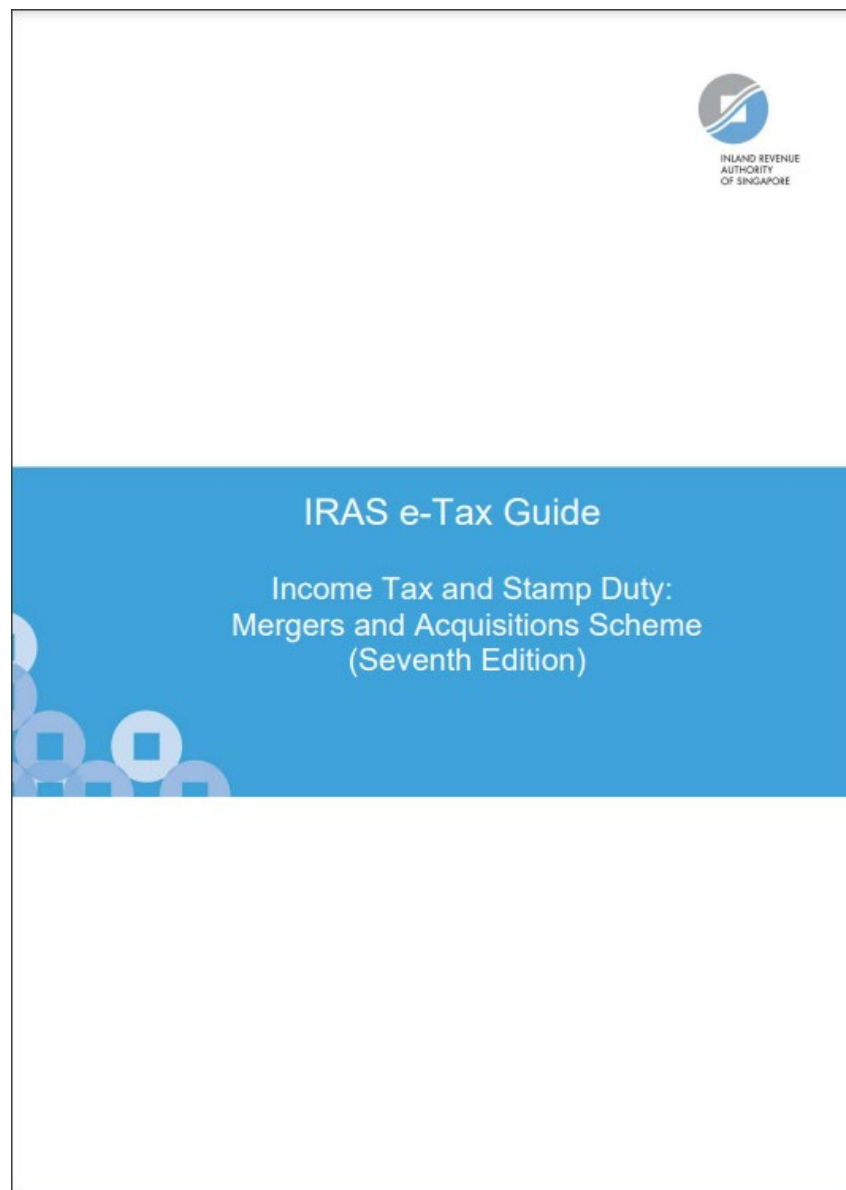
Poll question 3

In your expansion plan for your business, do you typically take into consideration tax incentive schemes such as the M&A scheme?

- a. Yes, definitely!
- b. No, my expansion plans is purely commercially driven
- c. No, the existing tax incentives schemes such as the M&A scheme is too difficult to qualify for



EXTENSION OF MERGERS & ACQUISITIONS SCHEME



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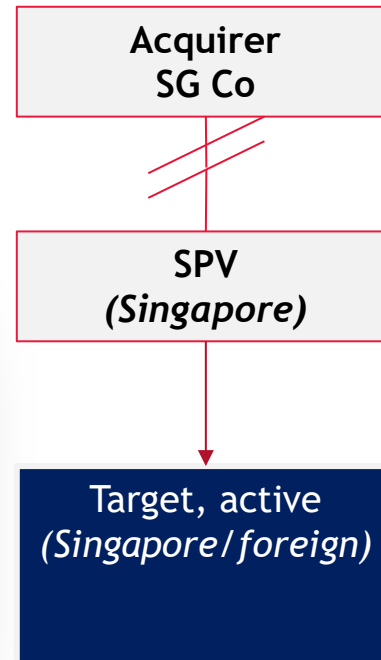
EXTENSION OF MERGERS & ACQUISITIONS SCHEME

Qualifying acquisitions

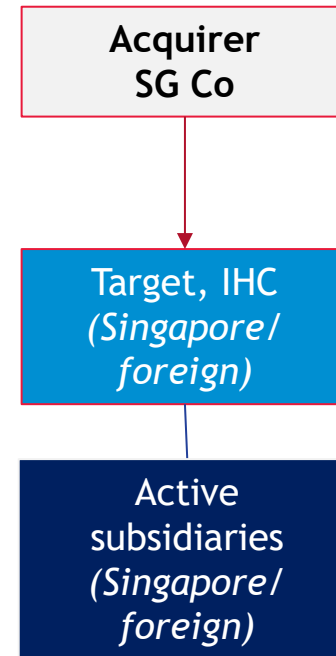
Carry on a trade

Both Buyer and Target must carry on a trade as at the date of acquisition

1



2



EXTENSION OF MERGERS & ACQUISITIONS SCHEME

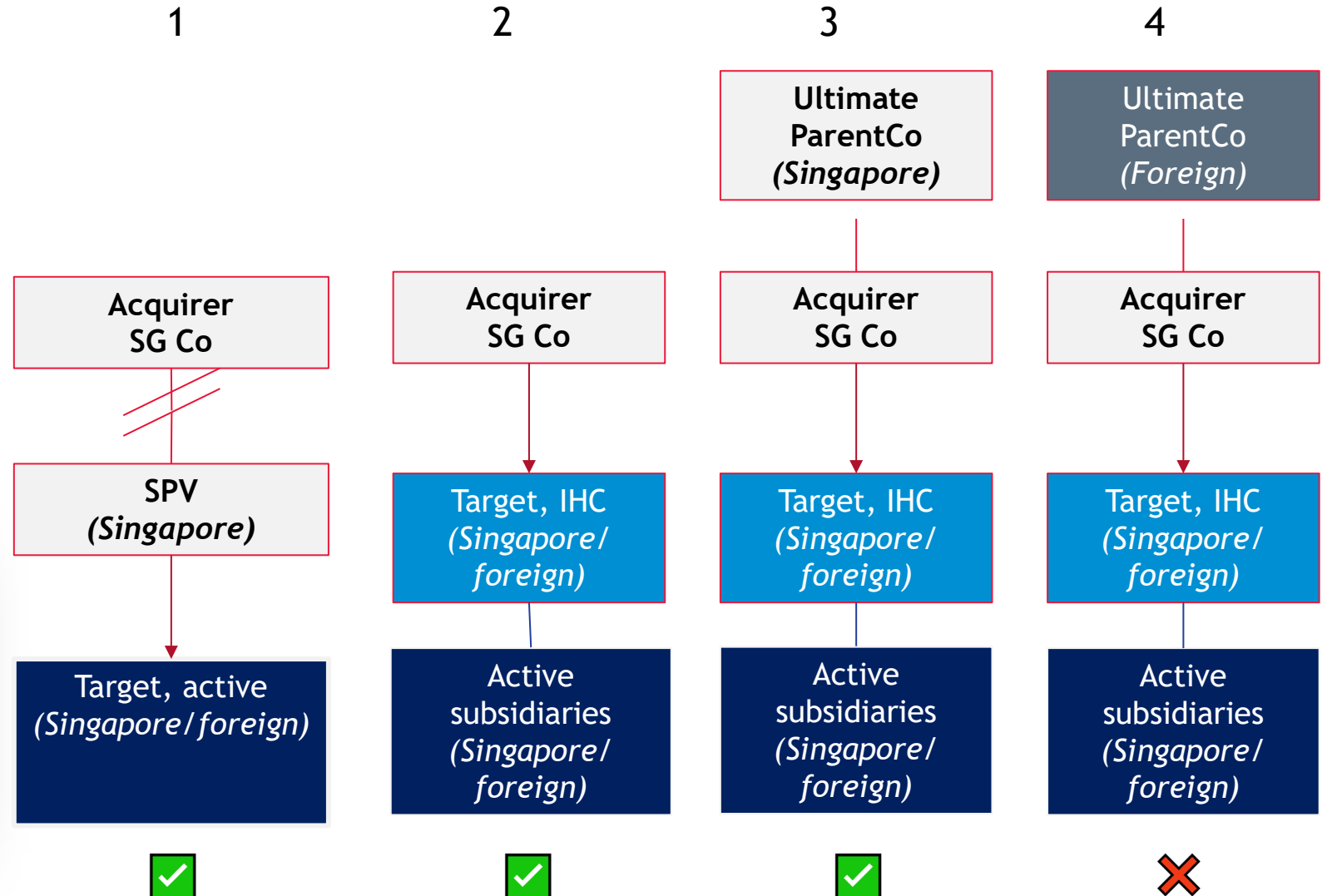
Qualifying acquisitions

Carry on a trade

Both Buyer and Target must carry on a trade as at the date of acquisition

Singapore tax resident

Ultimate parent entity must also be incorporated and tax resident in Singapore



EXTENSION OF MERGERS & ACQUISITIONS SCHEME

Other considerations

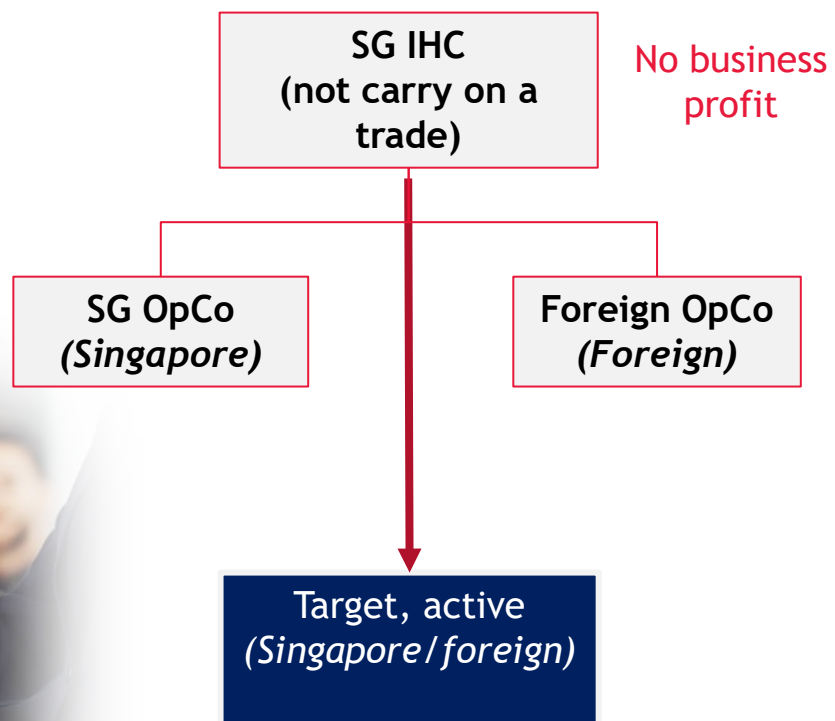
No group relief

Leverage on active operating entity to maximize the utilization of M&A allowance
Meet “carry on a trade” condition

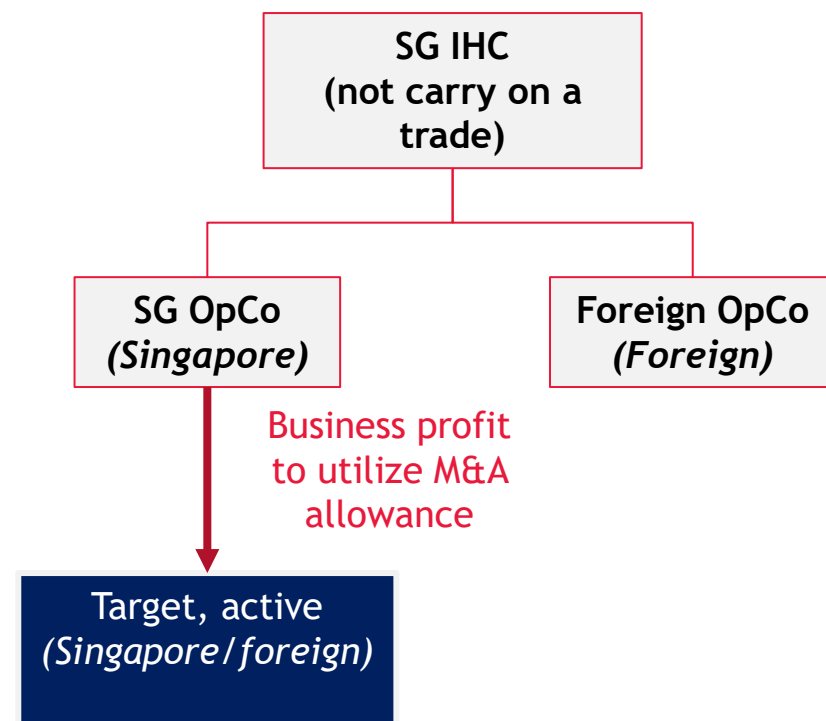
Tax benefits

- M&A allowance capped at S\$10mil per YA (i.e. acquisition value of S\$40million)
- Tax benefit of S\$1.7million (over 5 years)

1



2



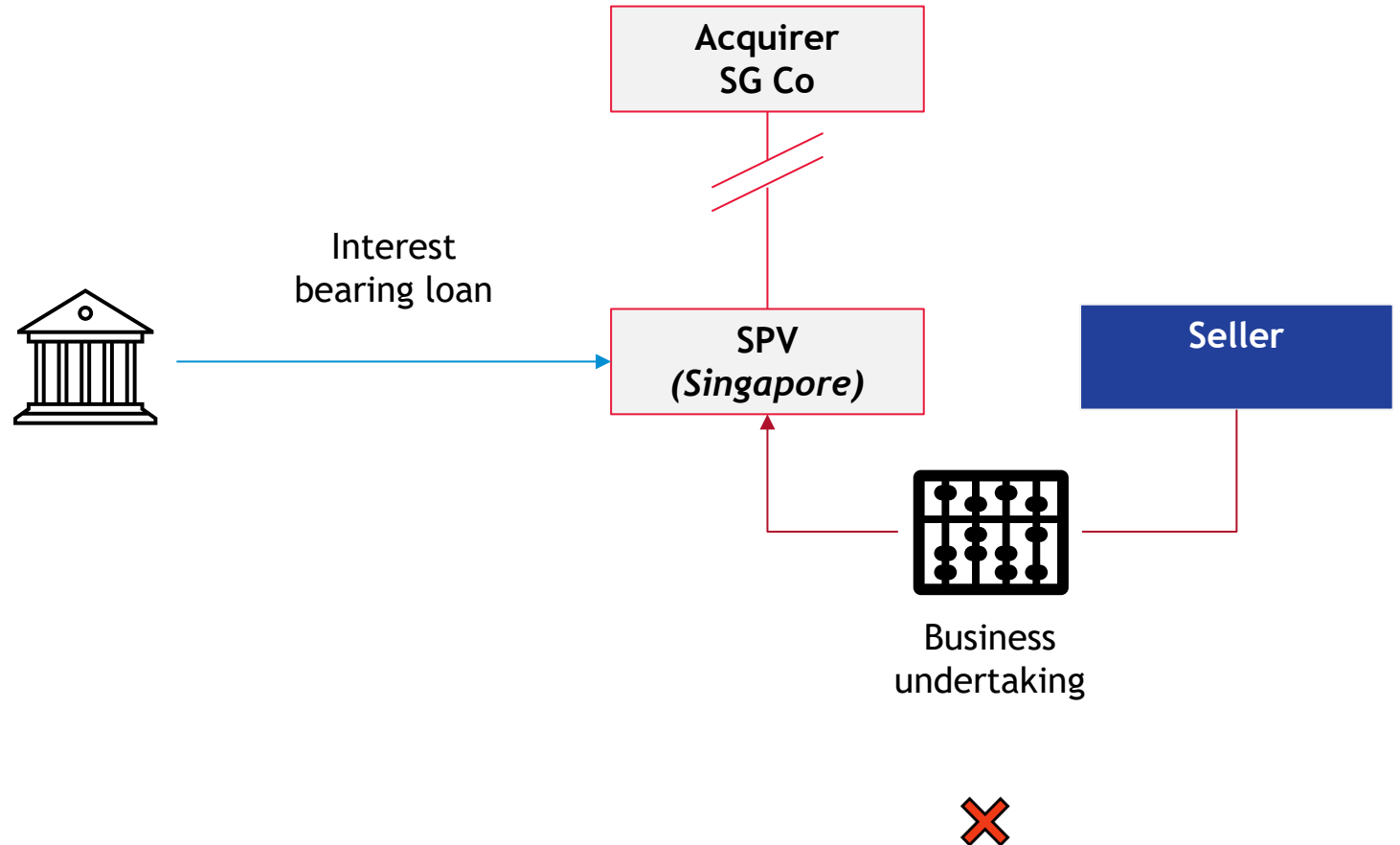
EXTENSION OF MERGERS & ACQUISITIONS SCHEME

Other considerations

Not for asset deal

Interest on borrowing costs may be allowed for tax deduction

- Assuming borrowing of S\$40million
- incurred interest of S\$4mil
- Tax savings = 680K
- Unutilised interest may be group relief



7. NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

To encourage new listings in Singapore and stimulate increased investment demand for Singapore-listed equities, the following tax incentives will be introduced:

- 1) **CIT rebate** for newly listed entities in Singapore
- 2) **Enhanced concessional tax rate (“CTR”) of 5%** for newly listed fund managers in Singapore under the Financial Services Incentive-Fund Management (“FSI-FM”) scheme
- 3) **Tax exemption** on fund managers’ qualifying income arising from funds investing substantially in Singapore-listed equities under the FSI-FM scheme



NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

CIT rebate for newly listed entities in Singapore

Salient features of the proposed tax incentives:

	Details
Qualifying entities	Companies & registered business trust that are tax resident in SG, and achieve primary or secondary listing (with share issuance) on SGX
Tax benefit	Primary listing: 20% CIT rebate Secondary listing: 10% CIT rebate <u>Subject to rebate cap:</u> S\$6 million per YA for qualifying entities with market cap of \geq S\$1 billion S\$3 million per YA for qualifying entities with market cap of $<$ S\$1 billion
Minimum criteria	<ul style="list-style-type: none">- Remain listed for at least 5 years- Commit to increased business spend/investment in FA, and increased skilled headcount
Award tenure	5 years per qualifying entity, non-renewable
Award period	Until 31 Dec 2027
Administering agency	EDB or EnterpriseSG

NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

Enhanced CTR for newly listed fund managers in Singapore

Salient features of the proposed tax incentives (cont'd):

	Details
Qualifying entities	Singapore fund managers, where fund manager or holding company achieve primary listing on SGX
Tax benefit	5% CTR on fees earned from qualifying fund management & investment advisory activities
Minimum criteria	<ul style="list-style-type: none">- Remain listed for at least 5 years- Distribute a portion of profits as dividends- Meet minimum requirements for professional staff and asset under management (AUM), in addition to existing requirements under FSI-FM award
Award tenure	5 years per fund manager, non-renewable
Award period	Until 31 Dec 2028
Administering agency	Monetary Authority of Singapore (MAS)

NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

Tax exemption for fund manager's qualifying income from funds investing largely in SG-listed equities

Salient features of the proposed tax incentives (cont'd):

	Details
Qualifying entities	Singapore fund managers
Tax benefit	Tax exemption on fees earned from qualifying fund management & investment advisory activities
Minimum criteria	<u>Fund manager:</u> <ul style="list-style-type: none">- Meet minimum requirements for professional staff and AUM, in addition to existing requirements under FSI-FM award <u>Qualifying funds:</u> <ul style="list-style-type: none">- At least 30% of AUM are invested in SG-listed equities- For existing funds, net inflow of capital at least 5% of fund's AUM in preceding year
Award tenure	5 years per fund managed by fund manager, non-renewable
Award period	Until 31 Dec 2028
Administering agency	MAS

NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

Poll question 4

In 2024, Singapore saw just 4 new companies listed on SGX, whereas our friendly neighbour, Malaysia had an impressive total of 55 companies debut on Bursa Malaysia.

With the launch of this new tax incentive scheme this year, how do you expect these new incentives to impact SGX listings by 2026?

- a. “This incentive **will not move the needle**. The situation will likely remain the same as it is now.”
- b. “I expect a **moderate increase** in new listings on SGX due to the new tax incentive scheme.”
- c. “I totally anticipate a **substantial boost** in new listings on SGX!”



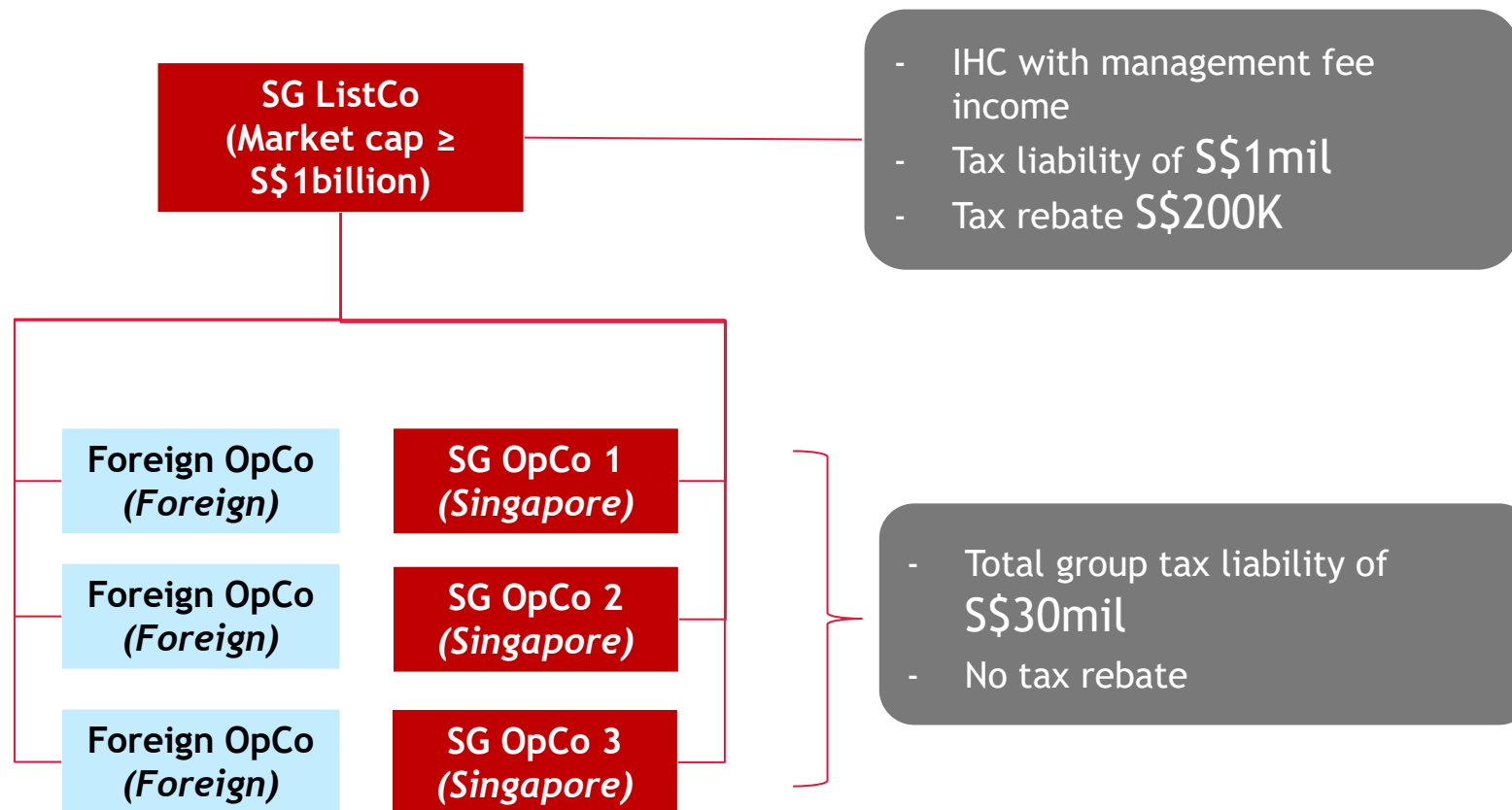
NEW TAX INCENTIVES TO STRENGTHEN EQUITIES MARKET DEVELOPMENT

How to benefit from this incentive ...

Listed company only

Don't get excited if your Group is paying taxes of \geq S\$30mil

- Tax liability of **S\$30mil** to maximise benefit of **S\$6mil** rebate
- Tax liability of **S\$15mil** to maximise benefit of **S\$3mil** rebate



8. APPROVED COST SHARING ARRANGEMENT FOR INNOVATION ACTIVITIES

APPROVED COST SHARING ARRANGEMENT FOR INNOVATION ACTIVITIES

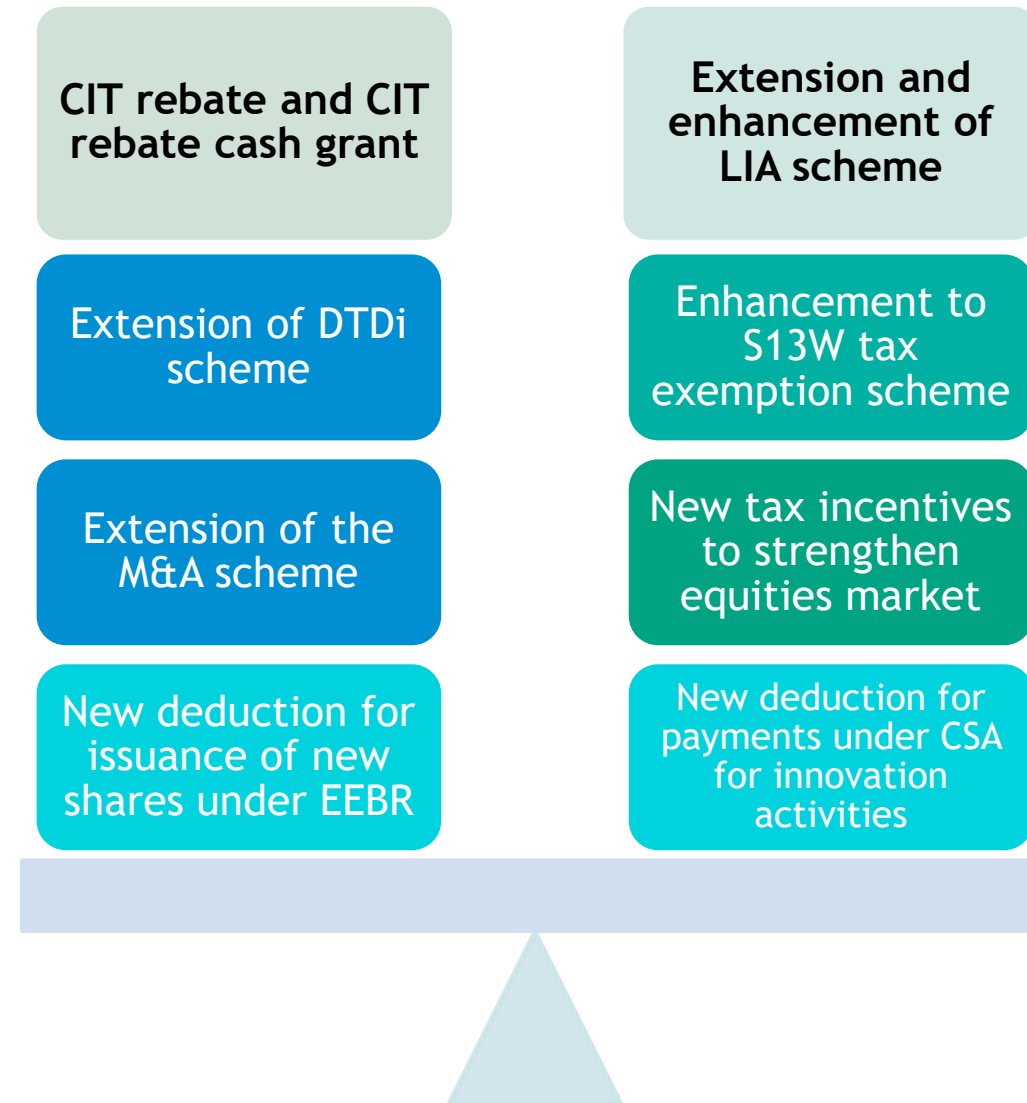
Current

- Payments made under a cost sharing arrangement (“CSA”) that do not meet definition of “**research & development**” under **Section 2 of the ITA** are **not** tax deductible
- Definition of “research & development” under Section 2 of the ITA is challenging to meet

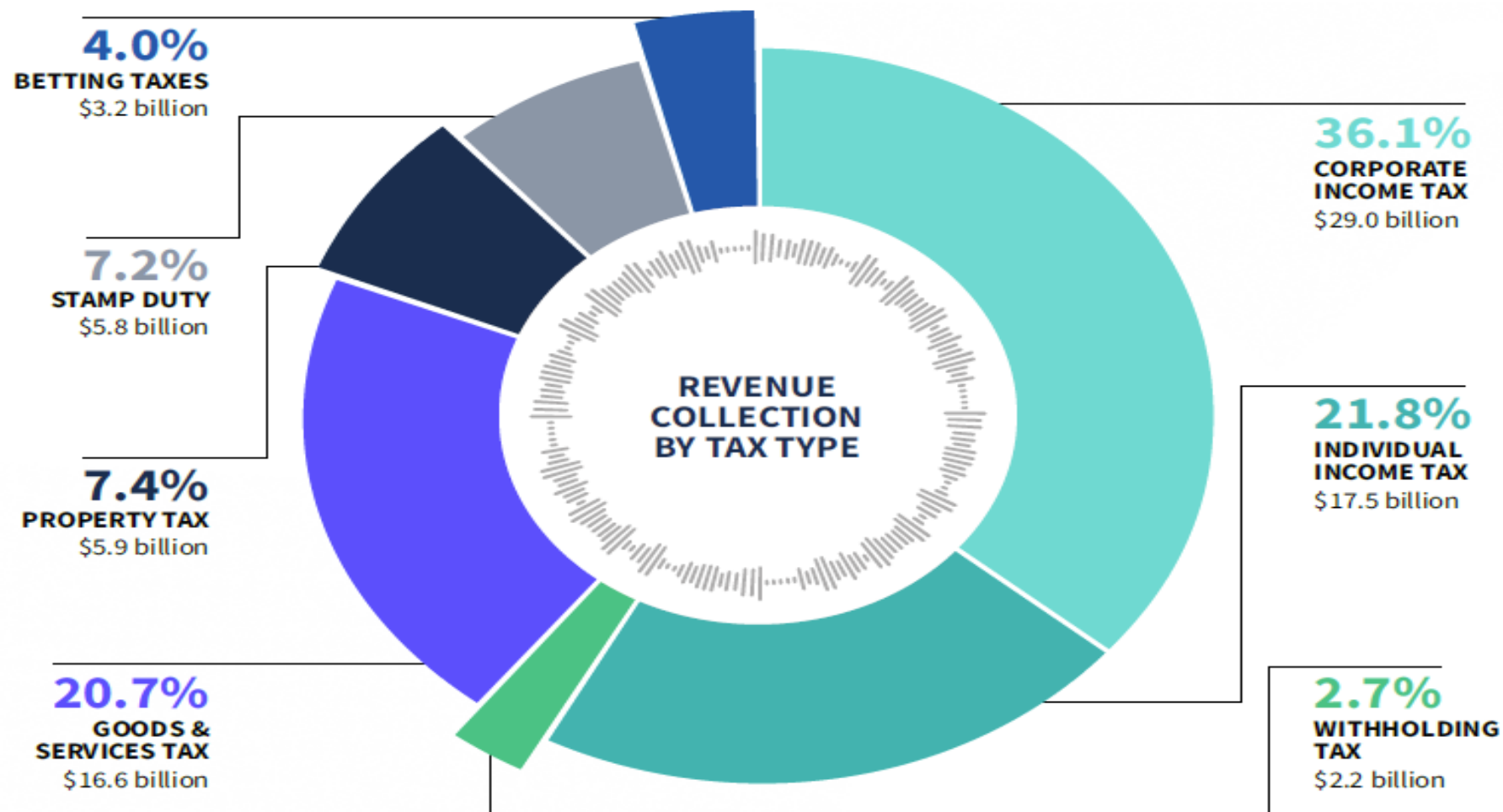
Proposed

- To foster collaborative innovative activities, a new tax deduction for payments made under an ***approved*** CSA for innovation activities will be introduced w.e.f. 19 Feb 2025
- Definition of “**innovation activities**”
- Definition adopted by UNESCO Institute for Science and A*STAR: **Broader scope** than current definition of R&D and **wider array of activities** beyond the traditional R&D activities?
- EDB will provide further details by 2Q2025

SUMMARY



IRAS: TOTAL TAX REVENUE COLLECTED FOR FY 2023/2024



NOTE: Due to rounding, figures may not add up

Total tax revenue of S\$80.3 billion was collected

THANK YOU



BDO Breakfast Seminar Singapore Budget 2025

6 March 2025

Singapore Budget 2025 Transfer Pricing in 2025

BDO Breakfast Seminar

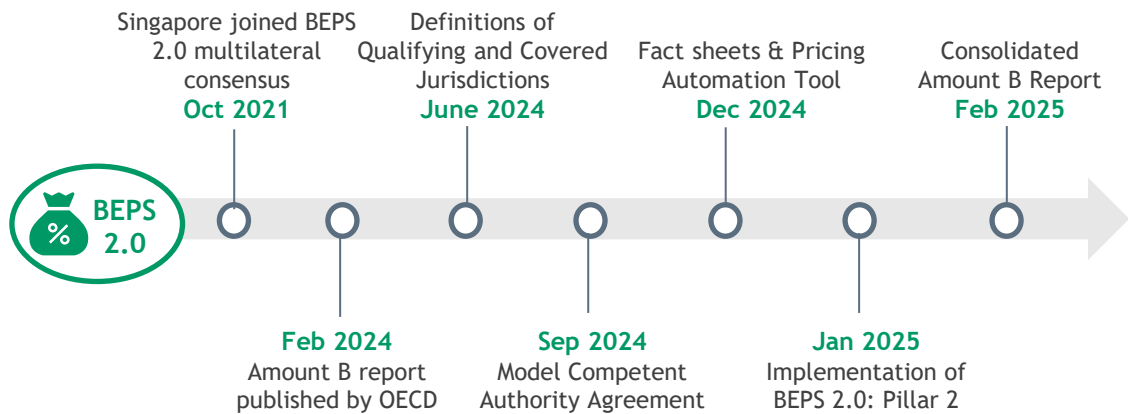
BEPS 2.0 Pillar 2: Global Minimum Tax of 15% ("GMT")

“ There is still **considerable uncertainty** about how Government revenues will unfold over the coming decades ... There is now great uncertainty about the **global tax environment** ... and it remains to be seen what further moves the US and other major economies will make in this new geopolitical environment. So **we will assess our options** as global tax developments unfold, and **adjust our policies where necessary.** ”

Prime Minister Mr. Lawrence Wong
Budget 2025

Pillar 1: Amount B

A simplified and streamlined approach to simplify the application of arm’s length principle to baseline marketing and distribution activities.



Attention: Australia and New Zealand opt out of Amount B

Covered jurisdictions as of June 2024

Albania	Eswatini	Nigeria
Angola	Fiji	North Macedonia
Argentina	Gabon	Pakistan
Armenia	Georgia	Papua New Guinea
Azerbaijan	Grenada	Paraguay
Belarus	Haiti	Peru
Belize	Honduras	Philippines
Benin	Jamaica	Saint Lucia
Bosnia and Herzegovina	Jordan	Saint Vincent and the Grenadines
Botswana	Kazakhstan	Samoa
Brazil	Kenya	Senegal
Burkina Faso	Liberia	Serbia
Cabo Verde	Malaysia	Sierra Leone
Cameroon	Maldives	South Africa
Congo	Mauritania	Sri Lanka
Costa Rica	Mauritius	Thailand
Côte d'Ivoire	Mexico	Togo
Democratic Republic of Congo	Moldova	Tunisia
Djibouti	Mongolia	Ukraine
Dominica	Montenegro	Uzbekistan
Dominican Republic	Morocco	Vietnam
Egypt	Namibia	Zambia

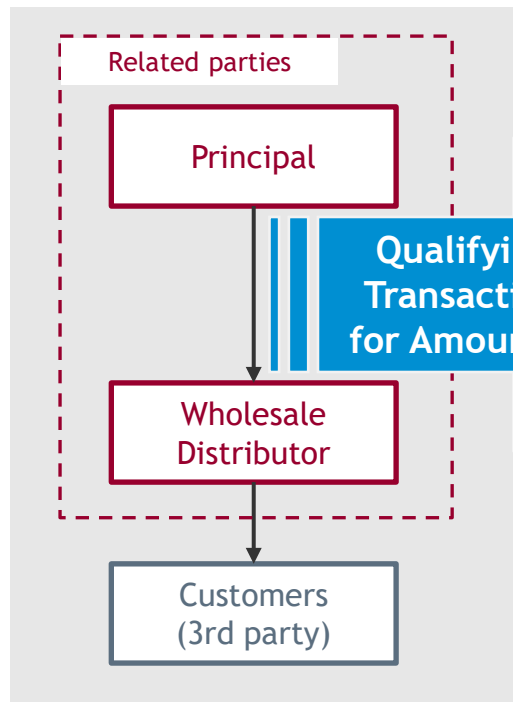
How to apply Amount B?

An illustration



Qualifying Transactions

- ▶ **Buy-sell marketing and distribution transactions** 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.



In-Scope transactions

Qualitative Factors

- ▶ No unique and valuable intangible contributions.
- ▶ No significant risks.
- ▶ Can be reliably priced using a one-sided TP method.

Quantitative Factors

- ▶ Operating expense intensity (OES) not lower than 3%, or greater than 20-30% of tested party's annual net revenue.

Out-of-scope transactions

- ▶ Distribution of non-tangible goods, services/ marketing, trading or distribution of commodities.
- ▶ Tested party carries out non-distribution function (e.g., retail, manufacturing, R&D, procurement, etc.) unless the activities can be adequately evaluated and reliably priced on a standalone basis.

How to apply Amount B?



Transactional net margin method (“TNMM”) pricing matrix

Return on Sales (“ROS”) has been selected as the net profit indicator for pricing the in-scope transactions.

Businesses will apply and test the actual outcome of the in-scope transactions on an **ex-post basis** against the **pricing matrix (plus or minus 0.5%)** established on three industry groups and five categories of **operating asset (“OAS”)** and **operating expense (“OES”)** intensities as illustrated below.

Factor Intensity	Industry Grouping 1	Industry Grouping 2	Industry Grouping 3
(A) OAS 45% or more, any level of OAS	3.50%	5.00%	5.50%
(B) OAS 30% to 44.99%, any level of OES	3.00%	3.75%	4.50%
(C) OAS 15% to 29.99%, any level of OES	2.50%	3.00%	4.50%
(D) OAS less than 15%, OES 10% or more	1.75%	2.00%	3.00%
(E) OAS less than 15%, OES less than 10%	1.50%	1.75%	2.25%

BEPS 2.0 Developments

What's Next: Global Mobility of Workers / Remote Work



Global Mobility of Workers

Remote work surged globally during Covid-19 and is here to stay. Business leaders recognize its role in **attracting, retaining and sourcing new talent**.



Key considerations

- ▶ Permanent establishment (PE)
- ▶ **Transfer pricing issues** created by remote workers with **“DEMPE” functions**.



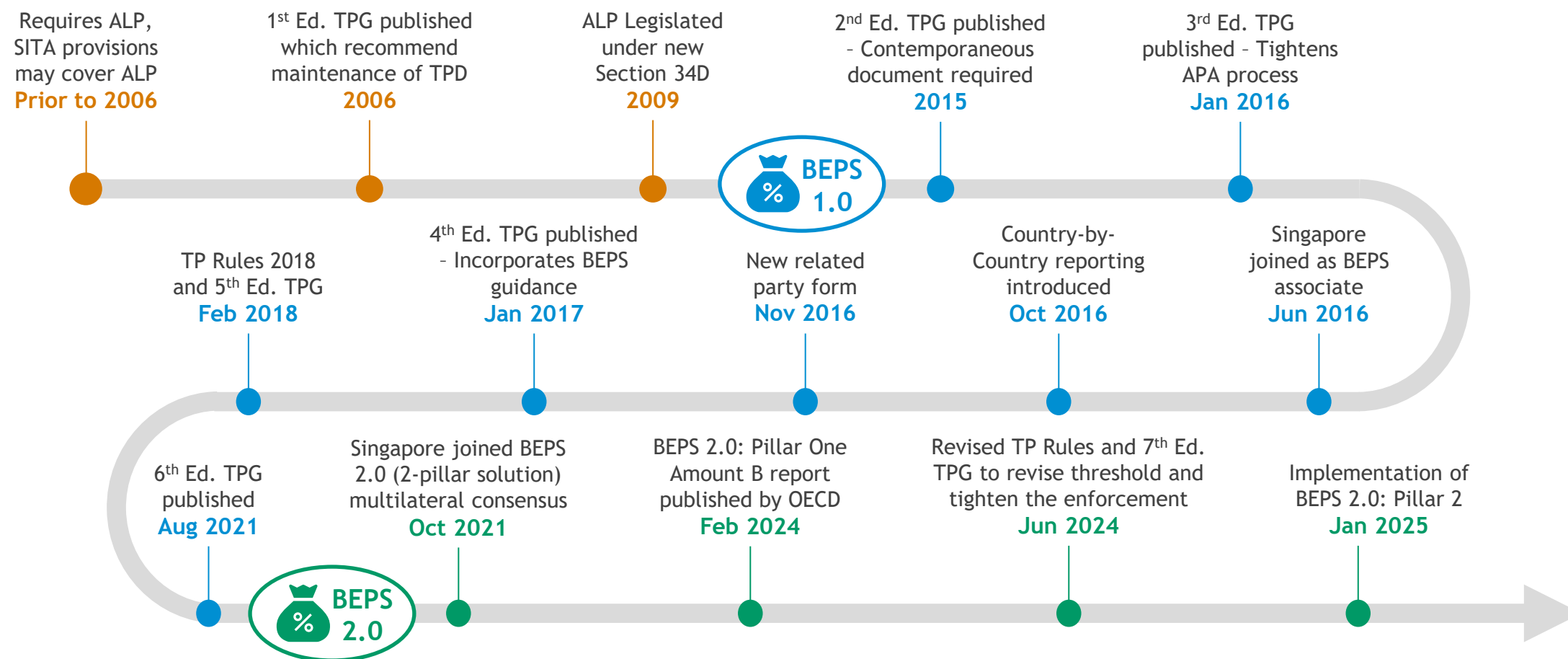
What can the OECD do

Harmonize tax rules by **establishing safe harbor rules**, and providing **additional guidance** addressing e.g., definition of auxiliary activities, PE creation using a home office, and **remote employees with significant control or DEMPE functions**.

Singapore Transfer Pricing Updates

Evolution of Singapore Transfer Pricing

A roadmap



TPA process

Fact finding and discussion

- IRAS requests for information and documents before the first meeting.
- IRAS interviews key business personnel during the first meeting.
- IRAS requests for more documents or information to assess if taxpayer's TP documentation is adequate and if it has any transfer pricing issues.

Completion of review

- IRAS suggests how taxpayer can improve TP documentation.
- IRAS comments on whether taxpayer's transfer pricing method is appropriate and its transfer prices are arm's length.
- IRAS may make a transfer pricing adjustment and impose a surcharge under Section 34E.

6th Ed. TPG

No
In IRAS' view, is taxpayer's taxable profit understated due to non-arm's length transfer pricing?

Yes

IRAS informs taxpayer of proposal to make transfer pricing adjustment and allows taxpayer to respond. IRAS may meet taxpayer to discuss.

After discussing with taxpayer, does IRAS still proceed to make transfer pricing adjustment?

Yes

No

IRAS issues closing letter without making adjustment and makes recommendations to improve TP documentation, TP method, etc.

IRAS makes transfer pricing adjustment and issues closing letter with comments. From YA 2019, a surcharge of 5% is recoverable for such adjustment.

Old TP audit framework

6th Ed. TPG

“Collaborative” approach, whereby IRAS gives taxpayers the chance to defend its TP before issuing TP adjustments.

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New TP audit framework

7th Ed. TPG

Does IRAS consider taxpayer's taxable profit understated or loss overstated due to non-arm's length transfer pricing?

Yes

IRAS makes transfer pricing adjustment, imposes surcharge under Section 34E and issues closing letter to taxpayer.

Does taxpayer accept IRAS' transfer pricing adjustment?

No

IRAS issues closing letter without making adjustment and makes recommendations to improve TP documentation, TP method, etc.

No

Taxpayer must file an objection following the IRAS' Objection and Appeal Process to resolve the issue with IRAS.

Yes

End of TPA.

7th Ed. TPG

“Decisive” approach, whereby IRAS first make TP adjustments, impose surcharges and issue the assessment.

What's new in 2025



Domestic Related Party Loan

Effective date: 1 January 2025

What's new:

- ▶ Apply the IRAS indicative margin to derive the interest rate with no threshold restriction; or
- ▶ Determine the interest rate based on arm's length principle.

Domestic related party loans prior to 1 Jan 2025:

Interest deduction as a proxy to the arm's length principle.

Indicative margin:

Related party loan obtained or provided during the period	Indicative margin
1 Jan 2022 to 31 Dec 2022	+ 180 bps (1.80%)
1 Jan 2023 to 31 Dec 2023	+ 230 bps (2.30%)
1 Jan 2024 to 31 Dec 2024	+ 220 bps (2.20%)
1 Jan 2025 to 31 Dec 2025 (NEW!)	+ 170 bps (1.70%)



Increased TP Documentation Threshold

Effective date: 1 January 2025

What's new: TP documentation exemption thresholds for certain categories of related party transactions are **increased from S\$1 million to S\$2 million**

Increased threshold to S\$2 million

- ▶ Provision or receipt of services
- ▶ Income or expense connected with the right to use movable property
- ▶ Leasing of property to or from related parties
- ▶ Provision or receipt of guarantee
- ▶ Any other transaction (in aggregate per transaction category)



An illustration

A Singapore company (“SingCo”) is a re-seller of electrical appliances. It also procures parts and components and assembles them into office equipment for sale. Its accounts for the financial year ending 31 December 2025 (i.e., YA 2026) show the following transactions:

Related party transaction	S\$ million	Is TPD required?
<u>Loan</u> received from a <u>related company in Country B</u>	25	Yes . It is a cross-border loan with amount exceeding S\$15 million.
<u>Loan</u> provided to a <u>related company in Singapore</u> subject to the same tax rate as SingCo	18	No if the loan was entered into before 1 January 2025, or if it was entered into on or after 1 January 2025 onwards and the indicative margin was applied. Otherwise Yes
<u>Royalty</u> payment to holding company in Country Y for branding of office equipment	1.5	No . The amount of royalty does not exceed the threshold of S\$2 million.
Fees paid to holding company in Country Y for <u>strategic management services</u>	1.2	Yes . The aggregate amount of service fee paid exceed the threshold of S\$2 million.
Fees paid to related party in Country B for <u>procurement services</u>	1.5	Yes . The aggregate amount of service fee paid exceed the threshold of S\$2 million.

Looking Ahead



Plan and restructure

Optimise TP strategies to minimise tax risks and maximise after-tax returns.



Implement

Execute the TP strategy and monitor arm's length outcomes.



Defend disputes

Ensure your interests are effectively protected during disputes.



Coordinate compliance

Align and timely manage global TP documentation compliance requirements.

This presentation has been carefully prepared, but it has been prepared in general terms and should be seen as broad guidance only. The presentation content cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Tax Advisory to discuss these matters in the context of your particular circumstances. BDO Tax Advisory, its directors, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

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NETWORKING BREAK

GST InvoiceNow: Practical Solution to Improve Efficiency and Enhance Compliance

Eu Chin Sien, Executive Director, GST
Parijat Parimal, Partner, Managed Services, BDO in India

GST InvoiceNow

**Practical Solution to Improve Efficiency and
Enhance Compliance**

6 March 2025

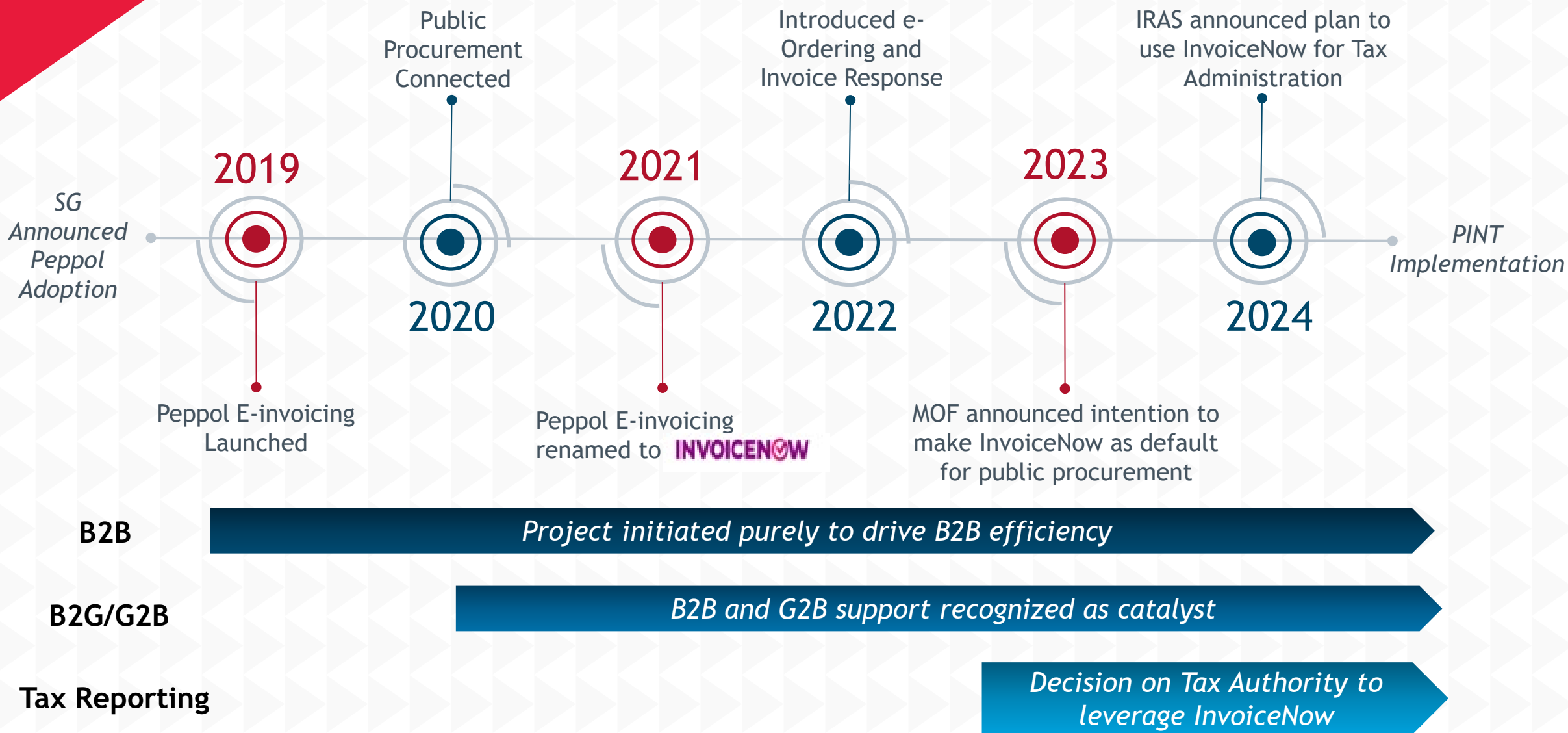
Eu Chin Sien, Executive Director



BENEFITS OF E-INVOICING

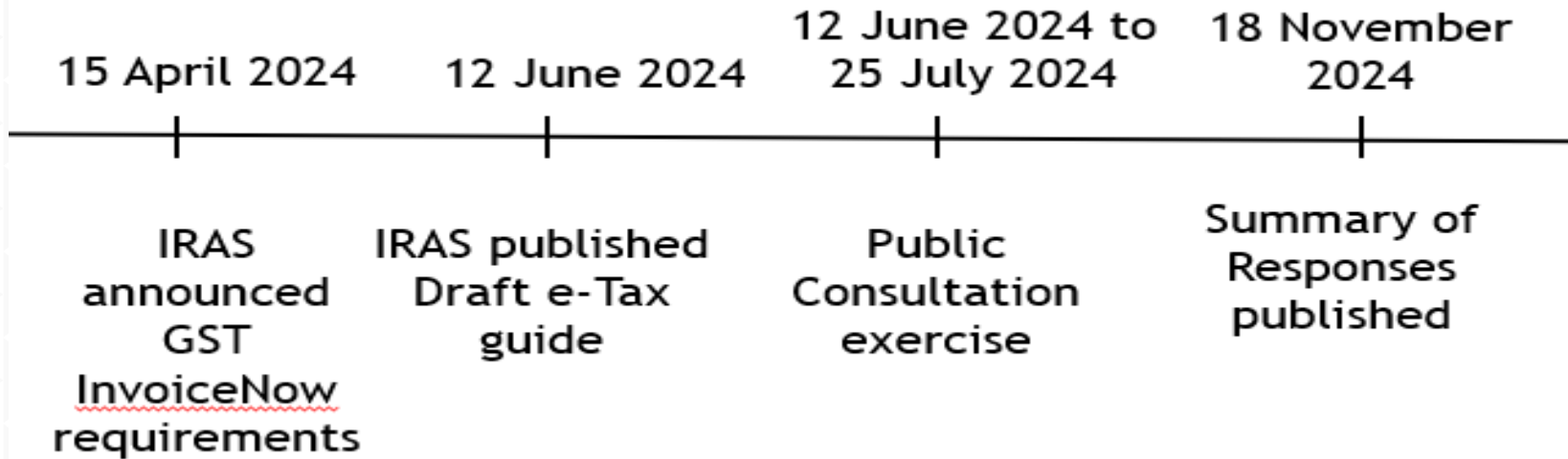


SINGAPORE'S E-INVOICING JOURNEY



GST INVOICENOW

At a glance

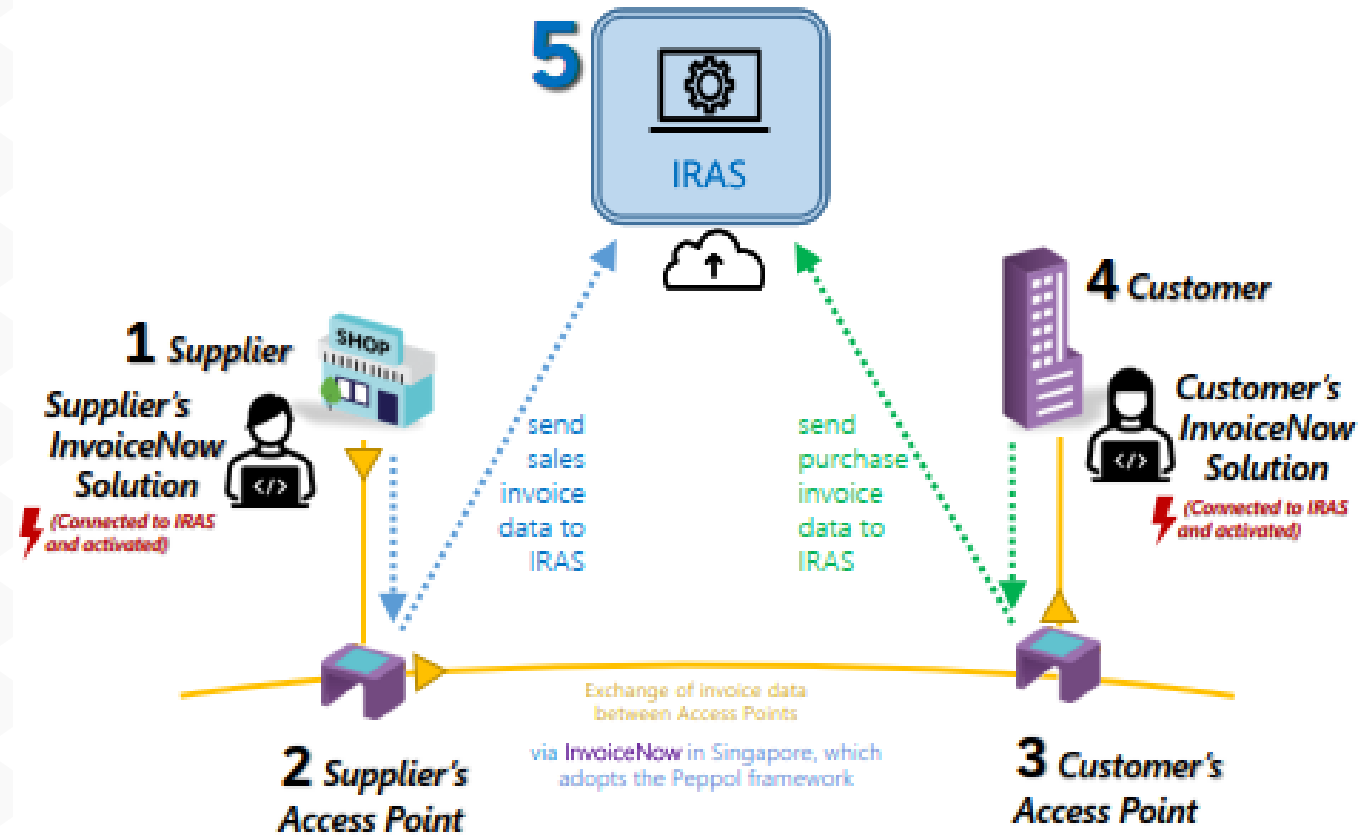


IMPLEMENTATION OF GST INVOICENOW REQUIREMENT



GST INVOICENOW NETWORK

- ✓ IRAS will leverage InvoiceNow to receive invoice data whenever businesses transact.
- ✓ This is done through the use of InvoiceNow solutions.



Economy and Investment Outlook for 2025

Dr Tan Kee Wee
Waveney Economics

A large, diverse crowd of people is walking across a modern, elevated pedestrian bridge or walkway. The bridge has a glass railing and is surrounded by greenery and buildings in the background. The people are dressed in casual summer attire, and the scene is bright and sunny. The crowd is moving in the same direction, away from the camera, creating a sense of movement and activity.

BDO Breakfast Seminar Singapore Budget 2025

Feedback

Thank you for attending our Breakfast Seminar on Singapore Budget 2025. Please share your feedback by scanning the QR code or use the link below.

<https://forms.office.com/r/5wL1eC4tUB>

