

# Singapore

## Transfer Pricing Country Profile

December 2021

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	<b>Does your domestic legislation or regulation make reference to the Arm's Length Principle?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> A reference to the arm's length principle is provided under section 34D of the Singapore Income Tax Act.	Section 34D of <a href="#">Income Tax Act</a>
2	<b>What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?</b>	<p>Singapore has its own Transfer Pricing Guidelines, which largely follow the key principles laid down in the OECD Transfer Pricing Guidelines and mention that Singapore generally takes guidance from the OECD Transfer Pricing Guidelines.</p> <p>The Singapore Transfer Pricing Guidelines are outside the domestic legislation for transfer pricing and provide guidance to the Singapore taxpayers on complying with the arm's length principle when transacting with their related parties.</p> <p>In addition, the Singapore Transfer Pricing Guidelines laid down expectations and practices that are specifically relevant to the Singapore taxpayers. For example:</p> <ul style="list-style-type: none"> <li>• The process to observe when Singapore taxpayers make an application for advance pricing arrangement and mutual agreement procedure.</li> <li>• The 5% mark-up for routine support services and the indicative margin for related-party loans not exceeding SGD 15 million which Singapore taxpayers can choose to apply.</li> <li>• The circumstances under which year-end true up adjustments made by Singapore taxpayers are allowed under the domestic tax law.</li> </ul>	Singapore <a href="#">Transfer Pricing Guidelines</a>
3	<b>Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	Section 13(16) of <a href="#">Income Tax Act</a>

	<p><b>definition contained under your domestic law or regulation.</b></p>	<p>The definition of related parties is provided under section 13(16) of the Singapore Income Tax Act as follows:</p> <p>“Related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.</p> <p>There are no control or ownership thresholds provided in the Singapore Income Tax Act for purpose of determining related party under section 13(16).</p>													
<p><b>Transfer Pricing Methods</b></p>															
4	<p><b>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" data-bbox="696 679 1543 839"> <thead> <tr> <th>CUP</th> <th>Resale Price</th> <th>Cost Plus</th> <th>TNMM</th> <th>Profit Split</th> <th>Other (If so, please describe)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p>There are no provisions for transfer pricing methods in the domestic law. However, the Singapore Transfer Pricing Guidelines set out the transfer pricing methods that taxpayers can use to price their transactions with related parties. The Guidelines provide for all methods described in the OECD Transfer Pricing Guidelines.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input type="checkbox"/>	<p>Section 5 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>					
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)										
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>										
5	<p><b>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</b></p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (if so, please explain)</p> <p>The Singapore Transfer Pricing Guidelines provide guidance on selecting the most appropriate method to determine the arm’s length price for a related party transaction. In addition, Singapore takes guidance from the OECD Transfer Pricing Guidelines.</p>	<p>Section 5 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>												

6	<p><b>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</b></p>	<p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>Singapore published the Transfer Pricing Guidelines (Special Topic) – Commodity Marketing and Trading Activities on 24 May 2019. The Guidelines are outside the domestic legislation for transfer pricing and analyse the economic value of taxpayers’ commodity marketing and trading activities in Singapore and help taxpayers to comply with the arm’s length principle and transfer pricing documentation requirement when such activities are carried out with their related parties. The Guidelines make reference to the guidance contained in paragraphs 2.18-2.22 of the OECD Transfer Pricing Guidelines.</p>	<p>Singapore Transfer Pricing Guidelines (Special Topic) – <a href="#">Commodity Marketing and Trading Activities</a></p>
<b>Comparability Analysis</b>			
7	<p><b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The Singapore Transfer Pricing Guidelines provide guidance on comparability analysis. In addition, Singapore takes guidance from the OECD Transfer Pricing Guidelines.</p>	<p>Section 5 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>
8	<p><b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>As far as possible, taxpayers are obliged to use local comparables in their comparability analysis. When taxpayers are unable to find sufficient reliable local comparables, they may expand their search to regional comparables. Taxpayers are to include the basis of selecting the comparables in their transfer pricing documentation.</p>	<p>Section 5 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>
9	<p><b>Does your tax administration use secret comparables for transfer pricing assessment purposes?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	

10	<p><b>Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b></p> <p>It is generally difficult to determine the specific arm's length price or margin. Thus, the use of a range of prices or margins is acceptable and the Singapore Transfer Pricing Guidelines provide the following guidance:</p> <p>A wide range of prices or margins may suggest the existence of comparability issues or defects that cannot be identified and/ or quantified in the comparability analysis and are therefore not adjusted. In such a situation, outliers such as the minimum and maximum data points should be excluded. To enhance the reliability of the comparability analysis, taxpayers could apply the interquartile range to determine the arm's length remuneration.</p> <p>A full range (i.e. from minimum to maximum) may occasionally be considered as the arm's length price range when all the points in the range can be established to be equally reliable. An example of such a circumstance is where the taxpayer has applied the CUP method and demonstrated that all observations in the full range are equally reliable.</p>	<p>Section 5 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>
11	<p><b>Are comparability adjustments required under your domestic legislation or regulations?</b></p>	<p><input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b></p> <p>Comparability adjustments are to be made where appropriate to increase the reliability of the results. The Singapore Transfer Pricing Guidelines provide guidance on comparability adjustments.</p>	<p>Section 5 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>
<b>Intangible Property</b>			
12	<p><b>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b></p> <p>Section 19B of the Singapore Income Tax Act provides that the capital expenditure incurred for intellectual property rights for the purpose of writing-down allowances must be based on open-market price.</p> <p>Moreover, section 34D of the Singapore Income Tax Act requires transactions between related parties to be conducted at arm's length.</p>	<p>Sections 19B and 34D of <a href="#">Income Tax Act</a></p>

13	Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard to value intangibles (HTVI)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<a href="#">HTVI Implementation Questionnaire</a>
14	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Intra-group Services</b>			
15	Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  The guidance specific to intra-group services transactions is provided in the Singapore Transfer Pricing Guidelines.	Section 14 of Singapore <a href="#">Transfer Pricing Guidelines</a>
16	Do you have any simplified approach for low value-adding intra-group services?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Taxpayers can choose to apply the 5% cost mark-up for routine support services as an alternative to performing detailed transfer pricing analysis provided: <ul style="list-style-type: none"> <li>a) The services fall within the list of routine support services;</li> <li>b) The service provider does not offer the same routine support services to an unrelated party; and</li> <li>c) All costs including direct, indirect and operating costs relating to the routine support services performed are taken into account in computing the 5% cost mark-up.</li> </ul> In the event the service does not fall within the list of routine support services as required under (a) above, taxpayers may apply the 5% profit mark-up under the OECD simplified approach on low value-adding intra-group services in Chapter VII of the OECD Transfer Pricing Guidelines provided: <ul style="list-style-type: none"> <li>a) The service met the definition of low value-adding intra-group services for the OECD simplified approach;</li> <li>b) The service is not specifically excluded as low value-adding intra-group service for the OECD simplified approach;</li> </ul>	Section 14 of Singapore <a href="#">Transfer Pricing Guidelines</a>

		<p>c) The tax authority of the other party to the service has similarly adopted the OECD simplified approach;</p> <p>d) The service provider does not offer the same service to an unrelated party; and</p> <p>e) All costs including direct, indirect and operating costs relating to the service performed are taken into account in computing the 5% profit mark-up.</p>	
17	<b>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Financial Transactions</b>			
18	<b>[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  The guidance specific to financial transactions is provided in the Singapore Transfer Pricing Guidelines. Reference is made to Chapter X of the OECD Transfer Pricing Guidelines.	Section 15 of Singapore <a href="#">Transfer Pricing Guidelines</a>
19	<b>[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Cost Contribution Agreements</b>			
20	<b>Does your jurisdiction have legislation or regulations on cost contribution agreements?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  The guidance specific to cost contribution arrangements is provided in the Singapore Transfer Pricing Guidelines. Reference is made to Chapter VIII of the OECD Transfer Pricing Guidelines.	Section 17 of Singapore <a href="#">Transfer Pricing Guidelines</a>

## Transfer Pricing Documentation

21	<p><b>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input checked="" type="checkbox"/> Other (specify):</li> </ul> <p>The Income Tax (Transfer Pricing Documentation) Rules 2018 stipulate the information taxpayers must provide in their transfer pricing documentation. The information to be provided by the taxpayers at entity level and group level is largely similar to the OECD Local file and Master file respectively.</p>	<p>Singapore <a href="#">e-Tax Guide</a> on Country-by-Country Reporting</p> <p><a href="#">Form</a> for Reporting of Related Party Transactions</p> <p>Section 34F of <a href="#">Income Tax Act</a></p> <p><a href="#">Income Tax Rules 2018</a> (Transfer Pricing Documentation)</p>
22	<p><b>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</b></p>	<p>With effect from the year of assessment 2019 (i.e. financial year 2018), taxpayers with gross revenue from their trade or business exceeding SGD 10 million must prepare transfer pricing documentation under section 34F of the Income Tax Act unless they are exempt from doing so (see item 24 below).</p> <p>Transfer pricing documentation must be prepared no later than the time for the making of the tax return and must be submitted within 30 days upon request by the Inland Revenue Authority of Singapore (“IRAS”). The content of the transfer pricing documentation at entity level and group level is largely similar to the OECD Local file and Master file respectively. The transfer pricing documentation must be prepared in English or translated to English.</p> <p>The rules for transfer pricing documentation and exemption from transfer pricing documentation are provided in the Income Tax (Transfer Pricing Documentation) Rules 2018. Guidance on preparing transfer pricing documentation is provided in the Singapore Transfer Pricing Guidelines.</p> <p>Taxpayers who are not required to prepare transfer pricing documentation under section 34F of the Income Tax Act are encouraged to prepare them following the guidance in the Singapore Transfer Pricing Guidelines.</p>	<p>Section 34F <a href="#">Income Tax Act</a></p> <p><a href="#">Income Tax Rules 2018</a> (Transfer Pricing Documentation)</p> <p>Section 6 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>

23	Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Taxpayers which do not prepare transfer pricing documentation in accordance with section 34F of the Income Tax Act shall be liable to a fine not exceeding SGD 10,000.  Where a transfer pricing adjustment is made by the IRAS on a taxpayer under section 34D of the Income Tax Act, the taxpayer is subject to a surcharge of 5% of the amount of the adjustment under section 34E of the Income Tax Act.  The penalty and surcharge are effective from the year of assessment 2019 (i.e. financial year 2018).	Section 34D, Section 34E and Section 34F of <a href="#">Income Tax Act</a>  Section 9 of Singapore <a href="#">Transfer Pricing Guidelines</a>
24	If your legislation provides for exemption from transfer pricing documentation obligations, please explain.	Exemption from transfer pricing documentation applies to related party domestic transaction subject to the same tax rate, related party domestic loan where the lender is not in the business of borrowing and lending money, related party loan not exceeding SGD 15 million where taxpayer applies the indicative margin (see item 26 below), routine support services on which taxpayer applies the 5% cost mark-up (see item 16 above), related party transaction covered by an advance pricing arrangement and related party transaction not exceeding certain value. The exemption is prescribed in the Income Tax (Transfer Pricing Documentation) Rules 2018. Guidance is provided in the Singapore Transfer Pricing Guidelines.	<a href="#">Income Tax Rules 2018</a> (Transfer Pricing Documentation)  Section 6 of Singapore <a href="#">Transfer Pricing Guidelines</a>
<b>Administrative Approaches to Avoiding and Resolving Disputes</b>			
25	Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?	Please check those that apply: <input type="checkbox"/> Rulings <input checked="" type="checkbox"/> Enhanced engagement programs <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <input checked="" type="checkbox"/> Unilateral APAs <input checked="" type="checkbox"/> Bilateral APAs <input checked="" type="checkbox"/> Multilateral APAs <input checked="" type="checkbox"/> Mutual Agreement Procedures <input checked="" type="checkbox"/> Other ( <i>please specify</i> ): ICAP	Sections 10 to 12 of Singapore <a href="#">Transfer Pricing Guidelines</a>  <a href="#">Singapore's MAP Profile</a>  Singapore's participation in <a href="#">ICAP</a>

		<p>Taxpayers are to refer to the Singapore Transfer Pricing Guidelines and Singapore’s MAP profile for the process to follow if they wish to request for APA and MAP. Generally, an APA covers three to five future financial years (“covered period”) and no more than two prior years (“roll-back years”) provided there is no significant difference in the facts and circumstances for the covered period and the roll-back years. No roll-back year is allowed for unilateral APA.</p> <p>Singapore is participating in the OECD International Compliance Assurance Programme (ICAP) since 2021 to provide tax certainty to taxpayers.</p>	
<b>Safe Harbours and Other Simplification Measures</b>			
26	<p><b>Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p> <p>In addition to the 5% cost mark-up for routine support services mentioned in item 16 above, from 1 January 2017, Singapore has put in place an indicative margin which taxpayers can choose to apply to each related party loan that does not exceed SGD 15 million at the time the loan is obtained or provided. Taxpayers would decide the appropriate base reference rate on which to apply the indicative margin to arrive at the interest rate. The purpose of the indicative margin is to ease taxpayers’ compliance effort in determining the credit margin for bearing the credit risk of default by the borrower.</p>	<p>Section 15 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>
27	<p><b>Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p> <p>A service provider may charge its related party for its proportionate share of the cost of services without mark-up under a cost-pooling arrangement on the conditions that:</p> <ol style="list-style-type: none"> <li>a) Each participant’s share of the costs must be borne in the form of cash or other monetary contributions;</li> <li>b) The services are not provided to any unrelated party;</li> <li>c) The provision of services to the related parties is not the service provider’s principal activity, i.e. the costs of providing the services do not exceed 15% of the service provider’s total expenses;</li> <li>d) The services fall within the list of routine support services; and</li> <li>e) There is transfer pricing documentation for the arrangement.</li> </ol>	<p>Section 14 of Singapore <a href="#">Transfer Pricing Guidelines</a></p>

### Other Legislative Aspects or Administrative Procedures

28	<b>Does your jurisdiction allow/require taxpayers to make year-end adjustments?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	Section 13 of Singapore <a href="#">Transfer Pricing Guidelines</a>
	<p>Singapore will accept year-end adjustments made by taxpayers to ensure that their tax-reported results are consistent with the arm's length prices stated in their transfer pricing analyses and policies when the following conditions are met:</p> <p>a) Taxpayers must have in place transfer pricing analyses and contemporaneous transfer pricing documentation to establish the arm's length prices;</p> <p>b) Taxpayers should make the year-end adjustments symmetrically in the accounts of the affected related parties. This is to avoid double taxation or double non-taxation; and</p> <p>c) Taxpayers must make the adjustments before filing their tax returns.</p>		
29	<b>Does your jurisdiction make secondary adjustments?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>	

### Attribution of Profits to Permanent Establishments

30	<b>[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>	
	<p>Singapore's tax treaties do not contain the new version of Article 7 (OECD MTC 2010 and later). As such, Singapore does not apply the authorised OECD approach ("AOA"). When determining the profits attributable to a PE, Singapore applies the relevant tax treaty and the basic 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 (see paragraph 31 of the 2018 OECD Additional Guidance on the Attribution of Profits to Permanent Establishments), together with the guidance provided in the Singapore and OECD Transfer Pricing Guidelines.</p>		
31	<b>[NEW] Does your jurisdiction follow also another approach?</b>	<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>	

## Other Relevant Information

32	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>	Singapore issued the Transfer Pricing Guidelines (Special Topic) – Centralised Activities in Multinational Enterprise Groups on 19 March 2021. The Guidelines discuss the economic value contributions of centralised activities in Singapore and their importance to a multinational enterprise group. The Guidelines also provide guidance on how to analyse such activities carried out in Singapore between related parties, the factors that may affect the transfer price for these activities and the transfer pricing methods that may be appropriate.	Singapore Transfer Pricing Guidelines (Special Topic) – <a href="#">Centralised Activities in Multinational Enterprise Groups</a>
33	<b>Other relevant information</b> (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i> )	N/A	

For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>