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LAWFLASH

SINGAPORE STRENGTHENS TAX COOPERATION WITH OTHER COUNTRIES

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AUTHORS AND CONTACTS

Arnaud Bourrut-Lacouture

One year after the ratification of the OECD Convention on Mutual Administrative Assistance in Tax Matters, Singapore has entered into automatic exchange of information agreements.

During French President Francois Hollande's visit to Singapore on March 27, the two countries concluded an agreement (yet to be ratified) on the automatic exchange of financial account information, which seeks to improve international cooperation in tax compliance matters.

Since Singapore's ratification of the Organisation for Economic Co-operation and Development (OECD) Convention on Mutual Administrative Assistance in Tax Matters (OECD Convention) in January 2016, 21 countries have concluded an agreement with Singapore.

AUTOMATIC EXCHANGE OF INFORMATION CONVENTION

The OECD Convention was signed in 1988 by all members of the OECD and was further opened to participation by other countries in 2010.

Article 5 of the OECD Convention creates an obligation between member states to cooperate with one other upon request, while Article 6 sets up a mechanism to facilitate the automatic exchange of information. This mechanism is an additional, optional step towards cooperation between member states. Member states that wish to adopt Article 6 need to agree to the same by way of a bilateral agreement. Such bilateral agreement determines the content of the information to be exchanged and the automatic procedures set up for that purpose.

Singapore's agreement with France provides that the respective ministers of finance will yearly exchange information about financial accounts held in each country by residents of the other country (i.e., Singapore's minister of finance will share information about French residents who hold financial accounts in Singapore, and vice versa). Such information includes, for instance, the identity of a resident and details of the resident's bank account.

SINGAPORE'S STRONGER COMMITMENT TO TAX COOPERATION

An attractive taxation rate for companies and individuals resident in Singapore has been in place for many years to attract foreign investment. With the global trend towards mutual cooperation in information exchange, Singapore has taken steps to improve its cooperation with other countries to combat cross-border tax offenses endorsing an internationally agreed upon standard for the Exchange of Information (EOI) for tax purposes in 2009.

By signing the OECD Convention in May 2013, Singapore's network of EOI partners has increased by 11 jurisdictions, including Brazil and the United States.

Now that the OECD Convention has been ratified and is in force, Singapore has proactively entered into multiple agreements in less than seven months, with France being its latest partner.

Materials relating to the above developments are available on the Inland Revenue Authority of Singapore website.

CONTACTS

If you have any questions or would like more information on the issues discussed in this LawFlash, please contact the author, Arnaud Bourrut-Lacouture.

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