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Singapore signs Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Sharing

On 7 June 2017, Singapore signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“MLI”).

The move represents Singapore continual commitment to the principle behind the Base Erosion and Profit Shifting (“BEPS”) project, which is that profits should be attributable to the jurisdiction where the substantial economic activities giving rise to the profits are conducted.

The MLI allows jurisdictions to swiftly amend their tax treaties to implement the tax treaty related BEPS recommendations. The MLI also improves on the dispute resolution mechanisms. This is in line with Singapore's commitment to implement the minimum standard on preventing treaty abuse.

MLI facilitates implementation of tax-treaty measures to counter BEPS

In signing the MLI, Singapore will adopt the following provisions, amongst others:

- **BEPS minimum standard for preventing treaty abuse:** This consists of (i) a statement of intent that a treaty for the avoidance of double taxation (“DTA”) is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance, and (ii) the adoption of a general anti-abuse rule, commonly known as the Principal Purpose Test.
- **BEPS minimum standard for enhancing dispute resolution:** When a Singapore resident taxpayer encounters taxation which is not in accordance with the intended application of the DTA provisions, the taxpayer can seek assistance from Inland Revenue Authority of Singapore (“IRAS”) to contact the treaty partner to resolve the dispute.
- **Providing more certainty and timeliness to taxpayers for cross-border disputes:** Singapore has opted for the mandatory binding arbitration provisions to be included in our DTAs as they provide certainty to taxpayers that treaty-related disputes will be resolved within a specified timeframe.

The agreed changes to each DTA will enter into force after the MLI has been ratified by Singapore and the treaty partner. Singapore will work towards the ratification at the earliest date. IRAS will provide clarification on the amendments to each DTA through its website www.iras.gov.sg.

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Reference materials

The press release is available from the MOF website www.mof.gov.sg, or by clicking [here](#).

The following materials are available on the [MLI webpage](#) of the IRAS website:

- [Provisional list of Singapore's DTAs to be amended by the MLI](#)
- [Singapore's provisional positions on the MLI provisions](#)
- [List of DTAs that other jurisdictions would like to amend using the MLI as well as the positions that they have adopted for the MLI](#)
- [Guidance on the MLI](#)

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