

Public Consultation on Changes to Singapore Income Tax Act on the Common Reporting Standard (CRS)

March 2016

Introduction

Singapore's Ministry of Finance is conducting a public consultation on the draft Income Tax (Amendment No. 2) Bill 2016 from 1 to 16 March 2016, and invites the public to give feedback on the draft Bill.

The proposed amendments to the Income Tax Act ("ITA") allow Singapore to implement the Common Reporting Standard ("CRS") with effect from 1 Jan 2017.

This is necessary before Singapore can carry out its international commitment to commence automatic exchange of financial account information ("AEOI") under CRS in 2018.



What is CRS?

CRS is an internationally agreed standard for AEOI, endorsed by the OECD and Global Forum for Transparency and Exchange of Information for Tax Purposes.

CRS sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as the customer due diligence procedures to be followed by financial institutions.

More than 90 jurisdictions, including major financial centres such as Dubai, Hong Kong, Luxembourg and Switzerland, have endorsed CRS and will commence AEOI in either 2017 or 2018.

Singapore's Proposed Response

Singapore will commence AEOI under CRS in 2018. Such information exchanges will be carried out on a bilateral basis with jurisdictions which Singapore has signed Competent Authority Agreements (CAAs) with. This will be subject to the following conditions:

- There is a level playing field among all major financial centres, including Dubai, Hong Kong, Luxembourg and Switzerland, to minimise regulatory arbitrage.
- Singapore's CRS partners having strong rule of law, the ability to ensure the confidentiality of information exchanged and prevent its unauthorised use.
- There is full reciprocity with AEOI partners in terms of information exchanged.

In this regard, Singapore will prioritise the AEOI of CRS information with jurisdictions with strong rule of law, such as UK and France.

Singapore's Proposed Response (cont'd)

Singapore proposes that all financial institutions are to collect and retain CRS information for all non-Singapore-tax-residents, instead of only from tax residents of jurisdictions with which Singapore has a CAA.





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