

Singapore – UAE Tax Treaty

New Protocol: Signed
31 October 2014



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Introduction

- Singapore and UAE recently revised their agreement for the Avoidance of Double Taxation (“Tax treaty”) through the signing of a Protocol to the Tax treaty
- This Protocol was signed on 31 October 2014.
- However, the Protocol is not yet ratified and therefore does not currently have the force of law.
- In this alert, we have commented only on the key changes to the Tax treaty.



PERMANENT ESTABLISHMENT

Permanent Establishment

| Past Position | New Position |
|--|-----------------------------------|
| A “Service PE” is constituted if such activities continue for a period of more than 6 months in aggregate. | This term is extended to 300 days |

IYER INSIGHT: UAE tax residents who perform services in Singapore, can benefit from a restriction of Singapore taxes as a result of the increase in the time threshold.



DIVIDENDS, INTEREST & ROYALTIES

Dividends, Interest and Royalties


| Past Position | New Position |
|-------------------------------|-------------------------------|
| Interest WHT restricted to 7% | Interest WHT restricted to 0% |

IYER INSIGHT: UAE tax residents who fund Singapore companies can now choose to invest via debt and take advantage of a tax deduction in Singapore without being taxed in Singapore through interest withholding tax.



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