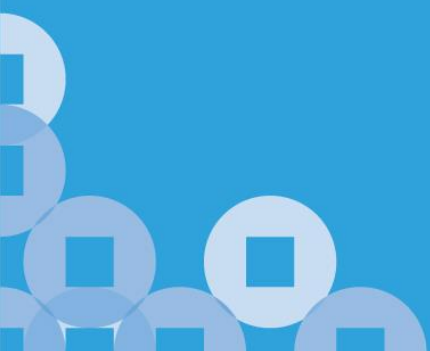




INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

Country-by-Country Reporting
(Second Edition)



Published by
Inland Revenue Authority of Singapore

Published on 11 Jul 2017

First edition on 10 Oct 2016

Disclaimers: IRAS shall not be responsible or held accountable in any way for any damage, loss or expense whatsoever, arising directly or indirectly from any inaccuracy or incompleteness in the Contents of this e-Tax Guide, or errors or omissions in the transmission of the Contents. IRAS shall not be responsible or held accountable in any way for any decision made or action taken by you or any third party in reliance upon the Contents in this e-Tax Guide. This information aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary its position accordingly.

© Inland Revenue Authority of Singapore

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

Table of Contents

	Page
1 Aim.....	2
2 Glossary	2
3 Introduction to CbCR	3
4 Transfer Pricing Documentation	3
5 Format of CbC Reports	4
6 Submission of CbC Reports	9
7 Contact Information	9
8 Frequently Asked Questions	10
9 Updates and Amendments	21
ANNEX – Template for CbC Report	22

1 Aim

1.1 This e-Tax guide provides taxpayers with guidance on

- a) the purpose of CbCR;
- b) the obligation to provide a CbC Report;
- c) how to complete a CbC Report; and
- d) how to submit a CbC Report to IRAS.

1.2 This e-Tax guide is relevant to any Singapore MNE group with international operations and annual group revenue of at least S\$1,125 million.

2 Glossary

2.1 The following terms are used in this Guide:

BEPS	Base Erosion and Profit Shifting
CbCR	Country-by-Country Reporting
CbC Report	Country-by-Country Report
FY 2017	Financial year beginning on or after 1 January 2017 (but before 1 January 2018)
G20	Group of 20 largest economies in the world
MNE	Multinational Enterprise
OECD	Organisation for Economic Cooperation and Development
Reporting Entity	The entity of an MNE group that is required to file a CbC Report under CbCR
Singapore MNE group	MNE group whose ultimate parent entity is tax resident in Singapore for the financial year in which the CbC Report is prepared (the first such year being FY 2017)

3 Introduction to CbCR

- 3.1 In the Final Report on BEPS Action 13 “Transfer Pricing Documentation and Country-by-Country Reporting” published by the OECD in October 2015, a new form of reporting namely CbCR would form part of the transfer pricing documentation to be maintained by MNEs.
- 3.2 Singapore is implementing CbCR for Singapore MNE groups from FY 2017 onwards.
- 3.3 Broadly, CbCR is required for an MNE group in relation to a financial year (the first such year being FY 2017), where:
- (a) The MNE group is a Singapore MNE group;
 - (b) The consolidated group revenue in the preceding financial year is at least S\$1,125 million; and
 - (c) The MNE group has subsidiaries or operations in at least one foreign jurisdiction.
- 3.4 If a Singapore MNE group is required to file a CbC Report for a financial year, its ultimate parent entity, which is its Reporting Entity for the purpose of CbCR, will be required to submit a CbC Report to the Comptroller within 12 months from the end of that financial year.
- 3.5 Submission of CbC Reports to the Comptroller must be done electronically in accordance with the format specified by the Comptroller in this Guide.
- 3.6 Based on the identification of relevant jurisdictions in a CbC Report submitted by a Reporting Entity, the Comptroller will provide the CbC Report to the tax authorities of those jurisdictions if there is an agreement with the relevant tax authority for the automatic exchange of CbCR information.
- 3.7 Any information that is obtained by a tax authority from CbC Reports obtained through automatic exchange of information (“AEOI”) is strictly confidential.

4 Transfer Pricing Documentation

- 4.1 IRAS’ Transfer Pricing Guidelines require taxpayers to organise their transfer pricing documentation at Group level and Entity level.
- 4.2 CbC Reports are supplementary to such transfer pricing documentation.
- 4.3 A CbC Report requires aggregate tax jurisdiction-wide information relating to the global allocation of the income, the taxes paid, and certain indicators of the location of economic activity among tax jurisdictions in which the reporting MNE group operates. The report also requires a listing of all the entities

(including permanent establishments) for which financial information is reported, including the tax jurisdiction of incorporation, where different from the tax jurisdiction of residence, as well as the nature of the main business activities carried out.

- 4.4 A CbC Report will be helpful for high-level transfer pricing risk assessment purposes. It may also be used by tax authorities in evaluating other BEPS related risks and where appropriate for economic and statistical analysis. **The information in the CbC Report should not be used as a substitute for a detailed transfer pricing analysis of individual transactions and prices based on a full functional analysis and a full comparability analysis. The information in the CbC Report on its own does not constitute conclusive evidence that transfer prices are or are not appropriate. It should not be used by tax administrations to propose transfer pricing adjustments.**

5 Format of CbC Reports

- 5.1 CbC Reports must be submitted in accordance with the template in the Annex to this Guide.
- 5.2 A CbC Report comprises three tables.
- (a) The first table provides an overview of income, taxes, employees and assets of the MNE group allocated to the different tax jurisdictions that the MNE group operates in, i.e. each line reports the aggregated numbers relating to a particular tax jurisdiction. So for example, if an MNE group has income arising from three jurisdictions, this table will show three lines – one for each jurisdiction.
 - (b) The second table provides an overview of the entities (including permanent establishments) of the MNE group, again organised according to the tax jurisdictions that the entities are tax resident in. The main business activities of each entity are also indicated. Dormant entities must also be included in this table.
 - (c) The third table allows the MNE group to provide any additional information that it feels would be relevant and useful to interpret or understand the data provided in the CbC Report.

- 5.3 The following definitions should be followed in completing the template for a CbC Report¹:

MNE

An MNE is a multinational enterprise.

Reporting MNE

A Reporting MNE is the ultimate parent entity of an MNE group.

Constituent Entity

A Constituent Entity of the MNE group is (i) any separate business unit of an MNE group that is included in the Consolidated Financial Statements of the MNE group for financial reporting purposes, or would be so included if equity interests in such business unit of the MNE group were traded on a public securities exchange; (ii) any such business unit that is excluded from the MNE group's Consolidated Financial Statements solely on size or materiality grounds; and (iii) any permanent establishment of any separate business unit of the MNE group included in (i) or (ii) above provided the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes.

Consolidated Financial Statements

The Consolidated Financial Statements are the financial statements of an MNE group in which the assets, liabilities, income, expenses and cash flows of the ultimate parent entity and the Constituent Entities are presented as those of a single economic entity.

- 5.4 The following general instructions should be followed in completing the template for a CbC Report²:

Treatment of Branches and Permanent Establishments

The permanent establishment data should be reported by reference to the tax jurisdiction in which it is situated and not by reference to the tax jurisdiction of residence of the business unit of which the permanent establishment is a part. Residence tax jurisdiction reporting for the business unit of which the permanent establishment is a part should exclude financial data related to the permanent establishment.

Treatment of partnerships

Applicable accounting rules will determine whether a partnership is a Constituent Entity. If a partnership is a Constituent Entity, it is treated as any other Constituent Entity (e.g. companies).

¹ These definitions are adapted from the 2015 Final Report on BEPS Action 13 and are an integral part of the international standard on CbCR.

² These instructions are adapted from the 2015 Final Report on BEPS Action 13 and are an integral part of the international standard on CbCR.

Period covered by the annual template

The template should cover the fiscal year of the Reporting MNE. For Constituent Entities, at the discretion of the Reporting MNE, the template should reflect on a consistent basis either (i) information for the fiscal year of the relevant Constituent Entities ending on the same date as the fiscal year of the Reporting MNE, or ending within the 12 month period preceding such date, or (ii) information for all the relevant Constituent Entities reported for the fiscal year of the Reporting MNE.

Source of data

The Reporting MNE should consistently use the same sources of data from year to year in completing the template. The Reporting MNE may choose to use data from its consolidation reporting packages, from separate entity statutory financial statements, regulatory financial statements, or internal management accounts. It is not necessary to reconcile the revenue, profit and tax reporting in the template to the consolidated financial statements. If statutory financial statements are used as the basis for reporting, all amounts should be translated to the stated functional currency of the Reporting MNE at the average exchange rate for the year stated in the Additional Information section of the template. Adjustments need not be made, however, for differences in accounting principles applied from tax jurisdiction to tax jurisdiction.

The Reporting MNE should provide a brief description of the sources of data used in preparing the template in the Additional Information section of the template. If a change is made in the source of data used from year to year, the Reporting MNE should explain the reasons for the change and its consequences in the Additional Information section of the template.

- 5.5 The following specific instructions should be followed in completing Table 1 of the template for a CbC Report³:

Tax Jurisdiction

In the first column of the template, the Reporting MNE should list all of the tax jurisdictions in which Constituent Entities of the MNE group are resident for tax purposes. A tax jurisdiction is defined as a State as well as a non-State jurisdiction which has fiscal autonomy. A separate line should be included for all Constituent Entities in the MNE group deemed by the Reporting MNE not to be resident in any tax jurisdiction for tax purposes. Where a Constituent Entity is resident in more than one tax jurisdiction, the applicable tax treaty tie breaker should be applied to determine the tax jurisdiction of residence. Where no applicable tax treaty exists, the Constituent Entity should be reported in the tax jurisdiction of the Constituent Entity's place of effective management. In the first instance, the place of effective management should be determined in accordance with the

³ These instructions are adapted from the 2015 Final Report on BEPS Action 13 and are an integral part of the international standard on CbCR.

provisions of Article 4 of the OECD Model Tax Convention and its accompanying Commentary.

Revenues

In the three columns of the template under the heading Revenues, the Reporting MNE should report the following information: (i) the sum of revenues of all the Constituent Entities of the MNE group in the relevant tax jurisdiction generated from transactions with associated enterprises. Intra-jurisdiction related party transactions should not be eliminated; (ii) the sum of revenues of all the Constituent Entities of the MNE group in the relevant tax jurisdiction generated from transactions with independent parties; and (iii) the total of (i) and (ii). Revenues should include revenues from sales of inventory and properties, services, royalties, interest, premiums and any other amounts. Revenues should exclude payments received from other Constituent Entities that are treated as dividends in the payor's tax jurisdiction.

Profit (Loss) before Income Tax

In the fifth column of the template, the Reporting MNE should report the sum of the profit (loss) before income tax for all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. The profit (loss) before income tax should include all extraordinary income and expense items.

Income Tax Paid (on Cash Basis)

In the sixth column of the template, the Reporting MNE should report the total amount of income tax actually paid during the relevant fiscal year by all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. Taxes paid should include cash taxes paid by the Constituent Entity to the residence tax jurisdiction and to all other tax jurisdictions. Taxes paid should include withholding taxes paid by other entities (associated enterprises and independent enterprises) with respect to payments to the Constituent Entity. Thus, if company A resident in tax jurisdiction A earns interest in tax jurisdiction B, the tax withheld in tax jurisdiction B should be reported by company A.

Income Tax Accrued (Current Year)

In the seventh column of the template, the Reporting MNE should report the sum of the accrued current tax expense recorded on taxable profits or losses of the year of reporting of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. The current tax expense should reflect only operations in the current year and should not include deferred taxes or provisions for uncertain tax liabilities.

Stated Capital

In the eighth column of the template, the Reporting MNE should report the sum of the stated capital of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. With regard to permanent establishments, the stated capital should be reported by the legal entity of which it is a permanent establishment unless there is a defined capital

requirement in the permanent establishment tax jurisdiction for regulatory purposes.

Accumulated Earnings

In the ninth column of the template, the Reporting MNE should report the sum of the total accumulated earnings of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction as of the end of the year. With regard to permanent establishments, accumulated earnings should be reported by the legal entity of which it is a permanent establishment.

Number of Employees

In the tenth column of the template, the Reporting MNE should report the total number of employees on a full-time equivalent (FTE) basis of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. The number of employees may be reported as of the year-end, on the basis of average employment levels for the year, or on any other basis consistently applied across tax jurisdictions and from year to year. For this purpose, independent contractors participating in the ordinary operating activities of the Constituent Entity may be reported as employees. Reasonable rounding or approximation of the number of employees is permissible, providing that such rounding or approximation does not materially distort the relative distribution of employees across the various tax jurisdictions. Consistent approaches should be applied from year to year and across entities.

Tangible Assets other than Cash and Cash Equivalents

In the eleventh column of the template, the Reporting MNE should report the sum of the net book values of tangible assets of all the Constituent Entities resident for tax purposes in the relevant tax jurisdiction. With regard to permanent establishments, assets should be reported by reference to the tax jurisdiction in which the permanent establishment is situated. Tangible assets for this purpose do not include cash or cash equivalents, intangibles, or financial assets.

- 5.6 The following specific instructions should be followed in completing Table 2 of the template for a CbC Report⁴:

Constituent Entities Resident in the Tax Jurisdiction

The Reporting MNE should list, on a tax jurisdiction-by-tax jurisdiction basis and by legal entity name, all the Constituent Entities of the MNE group which are resident for tax purposes in the relevant tax jurisdiction. As stated above with regard to permanent establishments, however, the permanent establishment should be listed by reference to the tax jurisdiction in which it is situated. The legal entity of which it is a permanent establishment should be noted (e.g. XYZ Corp – Tax Jurisdiction A PE). With regard to Constituent Entities deemed not to be resident in any tax jurisdiction for tax purposes, a separate line should be included, with a further breakdown for each entity (e.g. partnership with no tax jurisdiction of tax residence).

⁴ These instructions are adapted from the 2015 Final Report on BEPS Action 13 and are an integral part of the international standard on CbCR.

Tax Jurisdiction of Organisation or Incorporation if Different from Tax Jurisdiction of Residence

The Reporting MNE should report the name of the tax jurisdiction under whose laws the Constituent Entity of the MNE is organised or incorporated if it is different from the tax jurisdiction of residence.

Main Business Activity(ies)

The Reporting MNE should determine the nature of the main business activity(ies) carried out by the Constituent Entity in the relevant tax jurisdiction, by ticking one or more of the appropriate boxes.

6 Submission of CbC Reports

- 6.1 IRAS is currently developing e-services for receiving and sending CbC Reports with a sufficient level of encryption.
- 6.2 As the first CbC Reports will be required for data for FY 2017, and a Reporting Entity will have 12 months from the end of a financial year to submit the CbC Report for that financial year, the earliest CbC Report required to be submitted to IRAS would be due by 31 December 2018 (for a financial year ending on 31 December 2017).
- 6.3 Based on available information, IRAS will identify taxpayers affected by CbCR and provide further information on the submission of CbC Reports in the first half of 2018⁵. Any taxpayer who believes that it will be required to file a CbC Report may also contact IRAS to find out more about CbCR.
- 6.4 In the event that the taxpayers did not submit the CbC report, they may be penalized under Section 105M of the ITA.

7 Contact Information

- 7.1 If you have any enquiries or need clarification on this Guide, please email ct_transfer_pricing@iras.gov.sg.

⁵ IRAS will issue further guidance on the additional data fields (e.g. identification number of reporting entity and constituent entities) that will be required for administrative purposes in relation to the CbC Report.

8 Frequently Asked Questions

Filing Requirement

1. **An MNE's consolidated group revenue for Financial Year (FY) 2016 exceeded the threshold of S\$1,125 million, but fell below this threshold in FY 2017. Is the MNE required to file CbC report for FY 2017?**

Yes, the MNE is required to file a CbC report for FY 2017 as the requirement to file is based on whether the MNE's consolidated group revenue exceeded the threshold in the preceding FY (i.e. FY 2016).

2. **How should an MNE's consolidated group revenue be determined for the purposes of applying the S\$1,125 million threshold if the preceding FY of the MNE is shorter than 12 months?**

The MNE may determine the group revenue by adjusting the consolidated group revenue for the short accounting period to reflect the consolidated group revenue that would correspond to a 12 month period. For instance, if the accounting period is only 6 months, the revenue for the 6 months can be multiplied by 2 to reflect the revenue for a 12 month period. This calculated revenue will be used to determine if the MNE's consolidated group revenue in the preceding FY exceeded the threshold.

3. **Following from Qn 1 above, is the MNE required to file CbC report for FY 2018?**

The MNE should not file a CbC report for FY 2018 as its consolidated group revenue for FY 2017 did not exceed the threshold

4. **For the purpose of the above threshold (whether an MNE is required to file CbC report), do I need to include the revenue of associated companies, joint ventures or partnerships as part of the consolidated group revenue?**

The consolidated revenue of the MNE refers to the revenue figure disclosed in the consolidated financial statements. Revenue of associated companies and joint ventures accounted for under the equity method and partnerships that are not consolidated under applicable accounting rules will not form part of this figure.

5. What is the definition of consolidated group revenue for the purpose of determining whether a Singapore MNE Group is required to file a CbC report?

In determining whether the consolidated group revenue of the MNE is at least S\$1,125 million, all of the revenue that is reflected in the consolidated financial statement should be used. However, extraordinary income should be excluded as such income are not accrued under normal business circumstances.

For entities that do not reflect the gross amounts with respect to certain revenue items under applicable accounting rules (e.g. banks may reflect net interest revenue), the net amount of item(s) considered similar to revenue should be used to determine if the consolidated group revenue of the MNE is at least S\$1,125 million.

Completing the Template

6. Do I need to eliminate intra-country related party transactions for the purpose of completing Table 1?

Intra-country related party transactions should not be eliminated when preparing Table 1.

As stated in section 4.3 above, the data for each tax jurisdiction should be presented as an **aggregation** (as opposed to a consolidation) of the requested information from all the constituent entities that are resident in that tax jurisdiction.

7. What is the definition of 'Main Business Activity(ies)'?

This refers to the functions conducted by business entities to generate the main sources of revenue stated in Table 1. Usually, these business activities are described in the financial statements.

8. How should business activities relating to shipping, hospitality or property development be reflected in Table 2?

Companies should reflect such activities under the column 'Other' in Table 2 and provide specific details of the activities in Table 3.

9. How should an MNE complete Table 2 if its main business activity was to provide services, and the same services were provided to both related and unrelated parties?

The MNE should reflect its main business activity as 'Provision of Services to Unrelated Parties'.

10. What is the extent of details required for Table 3?

It is for companies to decide how much information they want to provide in Table 3 to facilitate understanding of the data disclosed. Examples of information to be included are a description of a constituent entity's main business activity(ies) if it is indicated as 'Other' in Table 2 and an explanation of changes in the way of reporting from previous years if there is any.

11. Should actual figures or rounded figures be reported in the CbC report?

Companies can choose to report either actual figures or rounded figures in their CbC report. If companies choose to report using rounded figures, these figures can be arrived at by rounding from actual figures or from source data which already consist of rounded figures. Companies should ensure that the rounding does not have a material impact in terms of understanding the CbC report. When rounding off to the nearest thousand, companies would still have to show the figures in full. For example, if the rounded figure is S\$1,126,000, it should be entered in the CbC report as S\$1,126,000 and not S\$1,126.

Clarification of Terms used in the Model CbCR Template

Constituent Entities

12a. Do associated companies or joint ventures fall within the definition of constituent entities?

As associated companies and joint ventures do not fall within any of the above definitions stated in section 5.3 above, they are not considered constituent entities of an MNE group.

12b. If one of the constituent entities of an MNE Group (e.g. X Limited in Jurisdiction X) was deemed to have a permanent establishment in jurisdiction Y but did not prepare a separate set of financial statements for such a permanent establishment, would the 'deemed permanent establishment' be a constituent entity?

The 'deemed permanent establishment' would not be considered a separate constituent entity.

However, if the permanent establishment in Jurisdiction Y had prepared a separate set of financial statements, this 'deemed permanent establishment' would be treated as a separate constituent entity from X Limited.

13. What is the treatment of 'deemed permanent establishment'? How should they be reflected in a CbC report?

If the deemed permanent establishment prepared a separate set of financial statements, it will be regarded as a separate constituent entity. In this case, financial information relating to the deemed permanent establishment should be reported under the tax jurisdiction where this deemed permanent establishment is situated. Following from the example in Question 12(b), the data relating to the deemed permanent establishment should be reported in Jurisdiction Y and not in Jurisdiction X.

However, if the deemed permanent establishment did not prepare a separate set of financial statements, it will be regarded as part of the constituent entity. In this case, data relating to the deemed permanent establishment should be reported in the tax jurisdiction of residence of the constituent entity (i.e. Jurisdiction X).

Period covered by the annual template

14. How should a Reporting MNE reflect the financial information of its constituent entities, if the constituent entities have different financial year end (FYE) from the Reporting MNE? For example, the FYE of Reporting MNE is 31 Dec, FYE of Subsidiary A is 30 Sep, FYE of Subsidiary B is 31 Mar, and FYE of Subsidiary C is 31 Dec.

As stated in section 5.4 above, a Reporting MNE has the discretion to reflect, on a consistent basis, either one of the following:

- 1) Information for the FYE of constituent entities ending on the same date as the FYE of the Reporting MNE, or ending within the 12 month period preceding such date.

In the example given, if the CbC report is for Reporting MNE's FYE 31 Dec 2017, the CbC report should include financial information of Subsidiary A for the FYE 30 Sep 2017, Subsidiary B for the FYE 31 Mar 2017 and Subsidiary C for the FYE 31 Dec 2017;

OR

- 2) Information for all constituent entities reported for the FYE of the Reporting MNE (i.e. include financial information of all constituent entities for the same period as the Reporting MNE).

In the example, if the CbC report relates to the period FY 1 Jan 2017 - 31 Dec 2017 for the Reporting MNE, the CbC report should include financial information of all constituent entities for that same period 1 Jan 2017 – 31 Dec 2017. This can be done through directly identifying the financial information of its subsidiaries for the period 1 Jan 2017 - 31 Dec 2017.

Source of data

15a. Does IRAS have any preference on the sources of data used to complete CbCR?

As stated in section 5.4 above, sources of data may include data from the Group's consolidated reporting packages, separate entity statutory financial statements, regulatory financial statements or internal management accounts.

15b. Given the differences in the accounting and tax treatment, basis of taxation and the tax periods, the 'Revenues' reported in Table 1 may not be the same as that in the consolidated financial statements. Is it necessary for MNEs to do a reconciliation?

IRAS does not require MNEs to do any reconciliation.

15c. What exchange rate should be used to translate the statutory financial statements of constituent entities to the functional currency of the Reporting MNE?

The average exchange rate for the reporting year should be used. The MNE should also state the rate that it used in Table 3.

Revenues

16a. Does the term 'Revenues' include other income, gains from sales of properties and notional items such as unrealised gains/ losses?

As stated in section 5.5 above, 'Profit (loss) before income tax' should include all extraordinary income and expense items. Therefore, 'Revenues' should also include other income and all extraordinary income, for instance, gains from sales of properties and notional items such as unrealised gains/ losses.

The only exception would be dividends received from constituent entities which is specifically excluded from the definition of 'Revenues'.

16b. Should 'Revenues' be reported on a gross or net basis?

Whether revenue is to be reported net or gross would depend on the industry practice. For example, the practice in the banking industry may be to include net (i.e. as opposed to gross) interest income as a revenue item in the accounts.

16c. Would dividends from associated companies constitute 'Revenues'?

As stated in section 5.5 above, 'Revenues' excludes only dividends from other constituent entities. Hence, dividends from associated companies (not constituent entities) should be included in 'Revenues'.

16d. Would 'Revenues' include revenues figures of associated companies or joint ventures?

The term 'Revenues' refers to the aggregate sum of revenue figures of all constituent entities in the same jurisdiction. Since associated companies or joint ventures do not fall within the definition of constituent entities, revenues of associated companies or joint ventures should not be included.

16e. Should revenues received from an associated company or joint venture be reflected as related party or unrelated party revenues of constituent entities in Table 1?

As associated companies and joint ventures are not considered constituent entities of an MNE group, they should be reflected as unrelated party revenues.

17. How should revenue transactions with a permanent establishment be accounted for? Are they considered Related or Unrelated Party Revenues?

They should be reflected as Related Party Revenues, if the permanent establishment is listed as a separate constituent entity.

Profit (loss) before Income Tax

- 18a. At the consolidated accounts level, profit (loss) before income tax would include the share of profit of associated companies. Should the same definition apply for CbC reporting since only the revenue of subsidiaries should be included in CbC reporting?**

The 'Profit (loss) before income tax' in the CbC template refers to an aggregate sum (i.e. not consolidated) of profit (loss) before income tax figures of all constituent entities in the same jurisdiction. Hence, the share of profit of associated companies would not come into the picture and thus should not be included.

- 18b. Should dividends be included in the 'Profit (loss) before Income Tax'?**

As dividends from constituent entities are to be excluded from revenue, this should also be excluded from 'profit (loss) before income tax'. On the other hand, dividends from associated companies and third parties are to be included since they are not constituent entities.

Income Tax Paid (on Cash Basis)

- 19a. For withholding tax borne by the payer of income, should the income recipient report it as 'Income Tax Paid (on cash basis)'?**

No, as the recipient did not suffer the tax.

- 19b. Would 'Income Tax Paid (on Cash Basis)' include tax paid for past years? E.g. If the taxes paid in FY 2018 include taxes of \$3,000 for FY 2015 to FY 2017, should the company include the \$3,000 in its CbC report for FY18?**

The Reporting MNE should report the total amount of income tax actually paid during the relevant fiscal year. As such, in the scenario described, the company would have to report the \$3,000 in FY 2018's CbC report under 'Income Tax Paid (on Cash Basis)'.

- 19c. Would other forms of taxes (e.g. the 'Financial Tax' and 'Turnover Tax' paid in Brazil, 'Fringe Benefit Tax' in India) be included as 'Income Tax Paid (on Cash Basis)'?**

Income tax generally refers to corporate income tax paid on the company's profit. This is usually the 'Income Tax' as captured in the financial statement and should not include taxes such as VAT or other business taxes.

19d. Should the ‘Income Tax Paid (on Cash Basis)’ be reported as net of tax refund?

Yes. The figure reported should be net of tax refunds received in the year.

Income Tax Accrued (Current Year)

20. Should income tax provision be included under Income Tax Accrued (Current Year)?

The reporting MNE should report the sum of the accrued current tax expense recorded on taxable profits or losses for the year of reporting of all the constituent entities. The current tax expense should reflect only operations in the current year and should not include deferred taxes or provisions for uncertain tax liabilities.

Stated Capital

21a. Would preference shares/ perpetual securities fall within the definition of ‘Stated Capital’?

‘Stated Capital’ refers to capital as reflected in the financial statements. It would usually be the ordinary share capital but can also include preference share capital and perpetual securities.

21b. For branches (i.e. permanent establishments), the term ‘head office funds’ is normally used instead of ‘capital’ in the financial statements. How should the field ‘Stated Capital’ be completed for branches without regulatory capital?

The amount of stated capital should be reported only by the constituent entity (and not by the permanent establishment) unless there is a defined capital requirement for the permanent establishment for regulatory purposes. Hence, there is no need to state the ‘Stated Capital’ for branches (or permanent establishments) unless there is a defined capital requirement for the permanent establishment for regulatory purposes.

21c. How should ‘Stated Capital’ be completed for MNEs with multi-tiered group structure?

‘Stated Capital’ refers to the sum of the stated capital of all constituent entities resident for tax purposes in that jurisdiction. Hence, MNEs with multi-tiered group structures should first identify which of their lower-tiered entities are constituent entities. They should then sum up the stated capital of these

constituent entities according to the tax jurisdictions in which they are situated, and report these figures accordingly in Table 1.

Number of Employees

22a. Does the term ‘Employees’ include main or sub-contractors, part-timers and contract staff and how should they be reported?

The term ‘Employees’ would include part-timers and contract staff hired on a fairly long-term or permanent basis. The number of employees should be reported on a full-time equivalent (FTE) basis. It is important to apply this definition consistently among entities in a Group and from year to year.

The term ‘Employees’ could also include main contractors or sub-contractors provided they are independent and engaged to perform important functions in the MNEs' value chain. For example, the FTE of persons engaged to operate an outsourced call centre should be included but not the FTE of persons engaged to do office cleaning, unless the MNE is in the cleaning industry.

22b. Would executive or non-executive directors be regarded as employees?

Non-executive directors would not qualify as employees since non-executive directors do not participate actively in the running of the business operations. Executive directors on the other hand would qualify as employees.

22c. Would a consultant/ freelancer be regarded as an employee?

Consultants/ freelancers are normally engaged on a short-term basis. Hence, they should not be considered employees. However, consultants may be regarded as employees if they are engaged on a fairly long-term or permanent basis.

22d. Should the number of employees be based on the payroll and is there any cut-off date to report the number of employees?

Companies are free to choose their source of employee data as long as they use the same sources of data from year to year.

Similarly, they are free to choose the cut-off date that best reflects their position for that reporting year. This is provided they use the same cut-off date from year to year.

Tangible Assets other than Cash and Cash Equivalents

23. Would 'Tangible Assets' include trade receivables, properties, inventories and investments?

The term 'Tangible Assets' refers to physical hard assets. Therefore, 'Tangible Assets' include inventories, property, plant & equipment but exclude trade receivables (i.e. treated as financial assets under FRS 32) and investments (i.e. can be treated as financial assets under FRS 32 or cash and cash equivalents under IAS/ FRS 7 for short-term investments).

Others

24. What will the information provided on a CbC report be used for?

The OECD Report sets out three permitted uses for information contained in CbC reports, namely:

- to assess high level transfer pricing risk;
- to assess other BEPS-related risks; and
- for economics and statistical analysis.

IRAS will use the information contained in CbC reports in accordance with these permitted uses.

25. How would IRAS ensure that jurisdictions that it exchanges CbC reports with use the reports in an appropriate manner and have put in place sufficient protections to safeguard the confidentiality of the CbCR data?

IRAS will enter into agreement with jurisdictions for exchange of CbC reports only after establishing that the jurisdictions have a strong rule of law and are able to ensure confidentiality of the information exchanged and prevent its unauthorised use. IRAS would suspend/cease the exchange of information with any jurisdiction which we know to have misused the information or which is in breach of this confidentiality obligation.

26. Would penalties be imposed for non-filing, late filing or incorrect filing of CbC report?

Penalties may be imposed under the Income Tax Act but IRAS may consider mitigating factors.

27. Does Singapore provide surrogate filing for non-Singapore headquartered MNE groups?

No, Singapore does not see a need to provide for surrogate filing for foreign MNE groups. Only Singapore MNE groups are required to submit CbC reports to IRAS.

28. Will Singapore impose secondary mechanisms on non-Singapore headquartered MNE groups?

Singapore intends to follow the OECD guidelines and to provide for secondary mechanism on Singapore subsidiaries of foreign MNEs in our CbCR legislation. As CbCR is still new and jurisdictions are in the early stages of implementing CbCR, we will monitor developments and assess if there is a need to trigger secondary mechanism.

Nevertheless, Singapore expects MNEs to be co-operative in providing CbC Reports to their home jurisdictions, and the reports could then be exchanged under CbCR AEOI agreements between their home jurisdiction and Singapore.

We will continue to monitor the situation.

9 Updates and Amendments

	Date of amendment	Amendments made
1.	11 Jul 2017	IRAS has enhanced the guidance by providing additional FAQs (i.e. section 8 of this guide) as follows: <ul style="list-style-type: none">• Inserted questions 2, 5, 11 and 19d
		Other amendments: <ul style="list-style-type: none">• Deleted footnote 1 as Singapore has enacted legislation for CbCR in the Income Tax Act.

ANNEX – Template for CbC Report

Table 1. Overview of allocation of income, taxes and business activities by tax jurisdiction

Name of the MNE group:										
Financial year concerned:										
Currency used:										
Tax Jurisdiction	Revenues			Profit (Loss) before Income Tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued – Current Year	Stated Capital	Accumulated Earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
	Unrelated Party	Related Party	Total							

Table 2. List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

Name of the MNE group:															
Fiscal year concerned:															
Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Tax Jurisdiction of Organisation or Incorporation if Different from Tax Jurisdiction of Residence	Main Business Activity(ies)												
			Research and Development	Holding or Managing Intellectual Property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of Services to Unrelated Parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding Shares or Other Equity Instruments	Dormant	Other ¹
	1.														
	2.														
	3.														
	1.														
	2.														
	3.														

¹ Please specify the nature of the activity of the Constituent Entity in the “Additional Information” section.

Table 3. Additional information

<p>Name of the MNE group:</p> <p>Fiscal year concerned:</p>
<p><i>Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in the Country-by-Country Report.</i></p>