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IRAS e-Tax Guide

Country-by-Country Reporting (Fourth Edition)



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1 Aim

- 1.1 This e-Tax Guide provides taxpayers with guidance on:
- (a) The purpose of CbCR;
 - (b) The obligation to submit a notice that a Reporting Entity is required to provide a CbC Report (“notification of filing obligation”);
 - (c) The obligation to provide a CbC Report;
 - (d) How to complete a CbC Report; and
 - (e) How to submit a CbC Report to the Comptroller.
- 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 e-Tax Guide:

AEOI	Automatic exchange of information
BEPS	Base Erosion and Profit Shifting
CbCR	Country-by-Country Reporting
CbC Report	Country-by-Country Report
FY 20XX	Financial year beginning on or after 1 January 20XX (but before 1 January of the following year)
IRAS CbCR webpage	This webpage provides information on CbCR and its implementation in Singapore.
MNE	Multinational enterprise
OECD	Organisation for Economic Cooperation and Development
Reporting Entity / Reporting MNE	The entity of an MNE group that is required to file a CbC Report
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 At a glance

- 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 has implemented CbCR for Singapore MNE groups from FY 2017.
- 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 tax 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. From FY 2022 onwards, the Reporting Entity is also required to notify the Comptroller of its obligation to file a CbC Report, within three months from the end of that financial year.
- 3.5 Notification of filing obligation and submission of CbC Reports must be done electronically in accordance with the format and mode specified in this e-Tax Guide.
- 3.6 Based on the identification of relevant tax 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.¹
- 3.7 Any information that is obtained by a tax authority from CbC Reports through AEOI is strictly confidential.

4 Transfer pricing documentation

- 4.1 IRAS e-Tax Guide on Transfer Pricing Guidelines requires taxpayers to organise their transfer pricing documentation at Group level and Entity level.
- 4.2 CbC Reports are supplementary to such transfer pricing documentation.

¹ The list of exchange relationships which Singapore has entered into is available on the IRAS CbCR webpage.

- 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 CbC 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 fully 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 Notification of filing obligation

- 5.1 Singapore is implementing a notification requirement from FY 2022. The Reporting Entity of a Singapore MNE group is required to inform the Comptroller of its obligation to file a CbC Report for each financial year that the group is required to file. A notification process allows a Reporting Entity and the Comptroller to confirm in advance the Reporting Entity's filing obligation, thus providing early certainty to both parties.
- 5.2 A Reporting Entity must submit the notification to the Comptroller within three months² from the end of the relevant financial year together with the following information:
- Name and Tax Reference No. of the ultimate parent entity (i.e. Reporting Entity);
 - Financial reporting period;
 - A declaration that the Reporting Entity satisfies the requirements to submit a CbC Report for that financial reporting period;
 - Personal particulars (i.e. full name, designation, contact number and email) of an individual authorised by the Reporting Entity as the point of contact; and
 - Personal particulars of the individual authorised by the Reporting Entity to file the notification.
- 5.3 Reporting Entities must submit the above information to the Comptroller in the form and manner as stated on the IRAS CbCR webpage.

² As an example, a Reporting Entity with a financial year end of 31 December 2022 must provide the required information to the Comptroller by 31 March 2023.

- 5.4 The Comptroller will review the information received and provide confirmation of a Reporting Entity's filing obligation within two months from the receipt of the notification.

6 Format of CbC Reports

- 6.1 CbC Reports must be submitted in accordance with the template in the Annex to this e-Tax Guide.

- 6.2 A CbC Report comprises three tables:

- (a) Table 1 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. For example, if an MNE group has income arising from three tax jurisdictions, this table will show three lines – one for each tax jurisdiction.
- (b) Table 2 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) Table 3 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.

- 6.3 The following definitions should be followed in completing the CbC Report template³:

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

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

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.

- 6.4 The following general instructions should be followed in completing the CbC Report template⁴:

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. a company).

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

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.

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.

- 6.5 The following specific instructions should be followed in completing Table 1 of the CbC Report template⁵:

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 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, extraordinary income and any other income amounts (e.g. unrealised gains/ losses). 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.

⁵ These instructions are adapted from the 2015 Final Report on BEPS Action 13 and are an integral part of the international standard on CbCR.

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 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.

- 6.6 The following specific instructions should be followed in completing Table 2 of the CbC Report template⁶:

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).

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.

- 6.7 The format for preparing CbC Reports is the prevailing CbCR XML Schema as published on the IRAS CbCR webpage. The Comptroller does not accept CbC Reports prepared in any other format.
- 6.8 Further guidance on preparing CbC Reports can be found in the “IRAS Supplementary Instructions for Preparing CbCR Data File” user guide that is available on the IRAS CbCR webpage. Reporting Entities may wish to seek the services of a tax or IT professional or vendor to assist them in collating and/ or preparing the required data in accordance with the CbCR XML Schema if they do not have the relevant expertise to do so.

⁶ These instructions are adapted from the 2015 Final Report on BEPS Action 13 and are an integral part of the international standard on CbCR.

7 Submission of CbC Reports

- 7.1 From FY 2017, a Reporting Entity that meets the CbCR filing requirements must submit its CbC Report to the Comptroller within 12 months from the end of that financial year.⁷
- 7.2 Reporting Entities can refer to the IRAS CbCR webpage for details on how to submit CbC Reports to the Comptroller.

8 Penalties for non-compliance

- 8.1 Penalties may be imposed under Section 105M of the Income Tax Act 1947 for:
- Failure to provide a notification of filing obligation;
 - Non-filing, late filing or incorrect filing of a CbC Report;
 - Failure to retain all documents or information used to prepare a CbC Report for five years after the end of the relevant financial reporting period; or
 - Submitting false or misleading information.

9 Contact information

- 9.1 For enquiries or clarifications on this e-Tax Guide, please email ct_transfer_pricing@iras.gov.sg.

⁷ As an example, a Reporting Entity with a financial year end of 31 December 2022 must submit its CbC Report for FY 2022 to the Comptroller by 31 December 2023.

10 Frequently asked questions

Notification of filing obligation

1. **Are the Singapore tax resident constituent entities of a non-Singapore headquartered MNE group or Singapore tax resident constituent entities of a Singapore MNE group (apart from the Reporting Entity) required to provide IRAS with the information stated in paragraph 5.2 of this e-Tax Guide?**

No, only the Reporting Entity of a Singapore MNE group that has met the filing requirements stated in paragraph 3.3 above is required to notify the Comptroller of its obligation to file a CbC Report and provide the information stated in paragraph 5.2 of this e-Tax Guide.

Filing requirement

2. **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 statements should be used. From FY 2022 onwards, the consolidated group revenue should **include** extraordinary income and gains from investment activities.

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.

3. **For the purpose of the above threshold (whether an MNE is required to file a CbC Report), should the revenue of associated companies, joint ventures or partnerships be included as part of the consolidated group revenue?**

The consolidated group revenue of an MNE refers to the revenue figure disclosed in its 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 should not form part of this figure.

4. **An MNE’s consolidated group revenue for FY 2021 exceeded the threshold of S\$1,125 million, but fell below this threshold in FY 2022. Is the MNE required to file a CbC Report for FY 2022?**

Yes, the MNE is required to file a CbC Report for FY 2022 as the requirement to file is based on whether the MNE’s consolidated group revenue exceeded the threshold in the preceding financial year (i.e. FY 2021).

5. **Following from Question 4 above, is the MNE required to file a CbC Report for FY 2023?**

The MNE is not required to file a CbC Report for FY 2023 as its consolidated group revenue for FY 2022 did not exceed the threshold.

6. **How should an MNE’s consolidated group revenue be determined for the purposes of applying the S\$1,125 million threshold if the preceding financial year 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 six months, the revenue for the six months can be multiplied by two 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 financial year exceeded the threshold.

Clarification of terms used in the CbC Report template

Constituent Entities

- 7a. **Do associated companies or joint ventures fall within the definition of constituent entities?**

As associated companies and joint ventures do not fall within the definition of “Constituent Entity” stated in paragraph 6.3 above, they are not considered constituent entities of an MNE group.

- 7b. **If one of the constituent entities of an MNE group (e.g. X Limited in Tax Jurisdiction X) was deemed to have a permanent establishment in Tax 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 Tax 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.

7c. What is the treatment of a deemed permanent establishment? How should it 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 7(b), the data relating to the deemed permanent establishment should be reported in Tax Jurisdiction Y and not in Tax 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. Tax Jurisdiction X).

Period covered by the annual template

8. How should a Reporting MNE reflect the financial information of its constituent entities if they have different financial year end (“FYE”) from the Reporting MNE? For example, the FYE of Reporting MNE is 31 December, FYE of Subsidiary A is 30 September, FYE of Subsidiary B is 31 March, and FYE of Subsidiary C is 31 December.

As stated in paragraph 6.4 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 December 2022, the CbC Report should include financial information of Subsidiary A for the FYE 30 September 2022, Subsidiary B for the FYE 31 March 2022 and Subsidiary C for the FYE 31 December 2022;

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 given, if the CbC Report relates to the financial period 1 January 2022 to 31 December 2022 for the Reporting MNE, the CbC Report should include financial information of all constituent entities for that same period 1 January 2022 to 31 December 2022. This can be done through directly identifying the financial information of its subsidiaries for the period 1 January 2022 to 31 December 2022.

Source of data

9a. Does IRAS have any preference on the sources of data used to complete the CbC Report?

As stated in paragraph 6.4 above, sources of data may include data from the MNE group's consolidated reporting packages, separate entity statutory financial statements, regulatory financial statements or internal management accounts.

9b. Given the differences in the accounting and tax treatment, basis of taxation and the tax periods, '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.

9c. 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

10a. Would 'Revenues' include revenue 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 tax 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.

10b. Would dividends from associated companies constitute 'Revenues'?

As stated in paragraph 6.5 above, 'Revenues' excludes only dividends from constituent entities. Hence, dividends from associated companies (not constituent entities) should be included in 'Revenues'.

10c. Should 'Revenues' be reported on a gross or net basis?

Whether 'Revenues' is to be reported at gross or net 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.

10d. Should revenues received from an associated company or joint venture be reflected as Related Party or Unrelated Party Revenues in Table 1?

As associated companies and joint ventures are not considered constituent entities of an MNE group, revenues received from them should be reflected as Unrelated Party Revenues.

10e. 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

11a. At the consolidated financial statements level, profit (loss) before income tax would include the share of profit of associated companies. Should the same definition apply for CbCR since only the revenue of subsidiaries should be included in CbCR?

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

11b. Should dividends be included in 'Profit (Loss) before Income Tax'?

As dividends from constituent entities are to be excluded from 'Revenues', they 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)

12a. Should income tax paid on dividends from constituent entities be included in 'Income Tax Paid (on Cash Basis)'?

As dividends from constituent entities are to be excluded from 'Revenues' and 'Profit (Loss) before Income Tax', income tax paid on such dividends (including withholding taxes) should accordingly be excluded from 'Income

Tax Paid (on Cash Basis)'. On the other hand, income tax paid on dividends from associated companies and third parties are to be included since they are not constituent entities.

- 12b. 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.

- 12c. Would other forms of taxes (e.g. '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 a company's profit. This is usually the 'Income Tax' as captured in the company's financial statements and should not include taxes such as value-added tax ("VAT") or other business taxes.

- 12d. Would 'Income Tax Paid (on Cash Basis)' include tax paid for past years? For example, if the taxes paid in FY 2022 include taxes of \$3,000 for FY 2019 to FY 2021, should the company include the \$3,000 in its CbC Report for FY 2022?**

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 the FY 2022 CbC Report under 'Income Tax Paid (on Cash Basis)'.

- 12e. Should '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)

- 13a. 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. For example, with reference to the following disclosure in the financial statements, the 'Income Tax Accrued (Current Year)' to be reported in the CbC Report would be \$16 instead of \$14.

<u>Accounting disclosure of tax expense</u>	<u>\$</u>
Current tax expense	16
Deferred tax expense	(5)
Under-provision of previous financial year's income tax expense	<u>3</u>
Income tax expense	<u>14</u>

13b. Should income tax accrued on dividends from constituent entities be included in 'Income Tax Accrued (Current Year)'?

As dividends from constituent entities are to be excluded from 'Revenues' and 'Profit (Loss) before Income Tax', income tax accrued on such dividends should accordingly be excluded from 'Income Tax Accrued (Current Year)'. On the other hand, income tax accrued on dividends from associated companies and third parties are to be included since they are not constituent entities.

Stated Capital

14a. Should 'Stated Capital' include reserves (e.g. investment revaluation reserve) and share premium?

This would depend on whether the item forms part of stated capital in the financial statements in accordance with the applicable accounting rules. Where the reserves do not form part of stated capital (e.g. it is a separate line item from stated capital in the financial statements), they should not be included in 'Stated Capital'. On the other hand, share premium forms part of share capital and should be included in 'Stated Capital'.

14b. Would preference shares or 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 could also include preference share capital and perpetual securities.

14c. For branches (i.e. permanent establishments), the term 'head office funds' is normally used instead of 'capital' in the financial statements. How should '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.

14d. 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 a tax 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.

Accumulated Earnings

15. How should accumulated earnings of a permanent establishment, for instance, a branch, be reflected in a CbC Report?

Accumulated earnings of a permanent establishment, e.g. a branch, should be reported under the tax jurisdiction of the head office, regardless of whether the profit had been remitted. Therefore, the accumulated earnings for the branch should be reflected as "0" while the accumulated earnings of the head office would include its own accumulated earnings and profits from the branch.

Number of Employees

16a. 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 an MNE group and from year to year.

'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.

16b. 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'.

16c. Would a consultant or freelancer be regarded as an ‘Employee’?

Consultants and 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.

16d. Should ‘Number of Employees’ be based on the payroll and is there any cut-off date to report it?

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

Similarly, they can 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

17. Would ‘Tangible Assets’ include trade receivables, properties, inventories and investments?

The term ‘Tangible Assets’ refers to physical hard assets. Therefore, ‘Tangible Assets’ includes inventories, property, plant and equipment but excludes 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).

Completing the CbC Report template

18. Should transactions between related parties in the same tax jurisdiction be eliminated for the purpose of completing Table 1?

Transactions between related parties in the same tax jurisdiction should not be eliminated when preparing Table 1.

As stated in paragraph 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.

19. 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.

20. 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.

21. 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'.

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

The following information should be disclosed in Table 3:

- A brief description of the sources of data used to prepare the CbC Report. If there was a change in the source of data used as compared to the previous year, the reasons for the change and its consequences should also be explained;
- Where statutory financial statements are used as the basis for reporting, the average exchange rate(s) used to translate amounts to the stated functional currency of the Reporting Entity;
- Explanations for changes in the way of reporting from previous years, if applicable.

In addition to the above, companies are free to provide any additional information which they consider relevant and useful to interpret and understand the data disclosed in the CbC Report.

23. Can rounded figures be reported in the CbC Report?

Companies can report rounded figures in their CbC Report if the source data from which those amounts have been obtained consists 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.

Others

24. What will the information provided in a CbC Report be used for?

The 2015 Final Report on BEPS Action 13 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 agreements 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 or cease the exchange of information with any jurisdiction which has been known to have misused the information or which is in breach of this confidentiality obligation.

26. Does Singapore provide for 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.

27. 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. IRAS 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 jurisdictions and Singapore.

11 Updates and amendments

	Date of amendment	Amendments made
1	11 Jul 2017	<p>IRAS has enhanced the guidance by providing additional FAQs (i.e. section 8) as follows:</p> <ul style="list-style-type: none"> • Inserted questions 2, 5, 11 and 19d <p>Other amendments:</p> <ul style="list-style-type: none"> • Deleted footnote 1 as Singapore has enacted legislation for CbCR in the Income Tax Act.
2	7 Aug 2018	IRAS amended question 11 of the FAQ.
3	31 Oct 2022	<p>Main amendments:</p> <ul style="list-style-type: none"> • Amended sections 1 and 3 to incorporate the obligations of a Singapore MNE group under Singapore’s notification requirement • Inserted a new section 5 on Singapore’s notification requirement • Inserted paragraphs 6.7 and 6.8 on the preparation of CbC Reports in CbCR XML Schema format • Amended section 7 on the submission of CbC reports to IRAS • Inserted a new section 8 on penalties for non-compliance • Enhanced the FAQs in section 10: <ul style="list-style-type: none"> ○ Inserted new questions 1, 12a, 13b, 14a and 15 ○ Amended questions 2*, 4, 5, 8, 12d, 13a, 22 and 27 ○ Deleted questions on the term “Revenues” in the CbC Report and penalties (questions 16a and 26 in the third edition of the e-Tax Guide) <p>* Question 2 – With effect from FY 2022, the definition of consolidated group revenue for the purpose of determining whether a Singapore MNE group is required to file a CbC Report should include extraordinary income and gains from investment activities.</p>

ANNEX – Template for CbC Report

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

<p align="center">Name of the MNE group:</p> <p align="center">Financial year concerned:</p> <p align="center">Currency used:</p>										
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: 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>