Advance Ruling Summary No. 10/2020 Published on 1 Sep 2020

1. Subject:

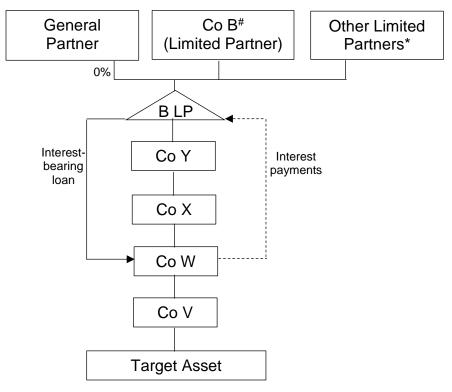
Whether

- a. B Limited Partnership ("**B LP**") is a transparent entity for Singapore income tax purposes.
- b. The requirements for Singapore withholding tax on the interest payments made to B LP should depend on the tax residency status of the respective partners of B LP.

2. Relevant background and facts:

- a. Company B ("Co B"), together with several investors, acquired an indirect equity stake in a target asset (the "Transaction"). B LP, a limited partnership in jurisdiction D ("Foreign LP") was used as the investment vehicle for the Transaction. The indirect investment of the target asset was completed via a 100% acquisition of Company Y ("Co Y") from Company Z by B LP.
- b. B LP consists of one General Partner and several Limited Partners, including Co B. There are Singapore tax resident partners and non-resident partners.
- c. As part of the Transaction, an interest-bearing loan to Company W ("Co W") was novated from a related company of Company Z to B LP. Interest is due and payable by Co W to B LP at the end of each month. Co W is incorporated and tax resident in Singapore.

The post-Transaction structure is as follows: d.



- # Singapore tax resident* consist of Singapore tax residents and non-residents
- The characteristics of a Singapore Limited Partnership ("LP") and Foreign e. LP are as follows:

	Singapore LP	Foreign LP
Definition of "Partnership"	the relation which subsists between persons carrying on a business in common with a view of profit.	the relation which subsists between persons carrying on a business in common with a view to profit.
Legal Personality	Not a separate legal entity partnership's name.	. Cannot own property in
Business Activities	No restrictions as long as the business activities undertaken are not illegal.	Not allowed to undertake business with the public in jurisdiction D other than so far as may be necessary for its carrying on of the business of that Foreign LP outside jurisdiction D.

	Singapore LP	Foreign LP
Partners	At least 1 general partner, who manages and enters into contracts on behalf of the partnership. At least 1 limited partner. Limited partners do not participate in the conduct of the business.	
Liability of Partners	General Partner has unlimited liability for the partnership's obligations. Limited partner's liability limited to his contribution to the partnership.	
Profits of the Partnership	Partnership is not taxed in Singapore. Profits are taxed in the hands of the partners.	Both the partnership and partners are not taxed in jurisdiction D.

3. Relevant legislative provisions:

a. Income Tax Act, Chapter 134 (Revised Edition 2014) ("ITA") – Sections 36C and 45

4. The rulings:

- a. B LP is tax transparent for Singapore income tax purposes.
- b. Withholding tax under section 45 of the Income Tax Act¹ is applicable on the portion of the interest payments attributable to partners of B LP who are non-residents of Singapore. The tax residency status of the partners of B LP is to be determined on a year-by-year basis.

5. Reasons for the decision:

- a. Based on the characteristics of Foreign LP and the similarities to a Singapore Limited Partnership, B LP is regarded as tax transparent for Singapore income tax purposes.
- b. Following the above, the requirements for Singapore withholding tax on the interest payments to B LP would depend on the tax residency status of the respective partners.

Disclaimer

The published summary of the advance ruling is for general reference only. It is binding only in respect of the applicant of the advance ruling and the specified

¹ Income Tax Act, Chapter 134 (Revised Edition 2014)

transaction under consideration of the advance ruling. All taxpayers should exercise caution in relying upon the published summary of the advance ruling, as the Comptroller is not bound to apply the same tax treatment to a transaction that is similar to the specified transaction.

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