



**IC Advisors Transfer Pricing Newsletter  
March 2017**

**Singapore Budget 2017 tax scheme changes**

Finance Minister Heng Swee Keat released the Singapore Budget 2017 on 20<sup>th</sup> February, detailing various changes to existing tax schemes and incentives. With regards to the Global Trader Programme (“GTP”), it will no longer be necessary for qualifying transactions to be carried out with qualifying counterparties. However, concessionary tax rates will be granted only to pre-approved companies on trading income that is attributable to trading transactions that has its essence in Singapore including trading transactions relating to commodity purchased for consumption in Singapore, trading income attributable to storage in Singapore, etc. This is likely to be a step to ensure that profits earned by companies are commensurate to the functions performed in line with the 4<sup>th</sup> edition of Singapore Transfer Pricing Guidelines released in January 2017.

Additionally, the Budget has stated future plans to streamline the qualifying counterparties for certain transactions of approved companies under the Finance and Treasury Centre (“FTC”) in a bid to ease the compliance burden. Changes to both schemes will apply on or after 21<sup>st</sup> February 2017. Governmental institutions will release further details of the changes by May 2017.

With greater R&D activities taking place in the region leading to intellectual property (“IP”) development and management, a new BEPS-compliant tax regime named the IP Development Incentive (“IDI”) will be introduced. Under this scheme, all IP related income, generated on and after 1<sup>st</sup> July 2017, will be incentivised. Similar to the previous changes, further details will be released by May 2017.

**ATO outlines simplified TP record-keeping options**

The Australian Taxation Office (“ATO”) released Practical Compliance Guideline (PCG 2017/2) on 22<sup>nd</sup> February 2017 with the objective of minimising compliance costs and record keeping. PCG 2017/2 outlines eight simplified transfer pricing record keeping options (i.e., small taxpayers, distributors, intra-group services, low-level inbound loans, materiality, management and administration services, technical services, and low-level outbound loans).

Taxpayers are required to disclose that they have elected to adopt the simplified record keeping option in the International Dealings Schedule. In such a case, the ATO may request for proof of documents to determine eligibility but otherwise are not likely to perform a full transfer pricing audit of the related party dealings.

It should be noted that taxpayers that choose the simplified record-keeping option are still required to comply with ordinary record-keeping requirements as well as maintaining contemporaneous TP documentation for eligible dealings and should not consider the mark-ups / margins as safe harbour.

**Upcoming seminars:**

Dr Sowmya Varadharajan will be presenting at the following full day seminars:

- a. **Transfer Pricing Compliance Strategy**, on 12<sup>th</sup> April 2017, organised by CCH Wolters Kluwer

If you would like to attend any of these seminars, please send an email to [sowmya@icadvisorsasia.com](mailto:sowmya@icadvisorsasia.com).