

# 37th Singapore Economic Roundtable Special Session

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**Pillar 1**  
**Re-allocation of  
taxing rights to  
market  
jurisdictions**



**Pillar 2**  
**Introduction of  
global minimum  
effective tax rate**



# Singapore is actively involved in the ongoing international negotiations on Pillar 1

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- As a small and open economy, Singapore has always supported the multilateral rules-based order, including for international tax.

Pillar 1 is intended to stabilize the international tax system as its adoption comes with the promise of withdrawal of all relevant unilateral measures. This provides for a more certain international tax environment

# On Pillar 2, Singapore is studying adjustments to our tax system

- This includes:

**1.**

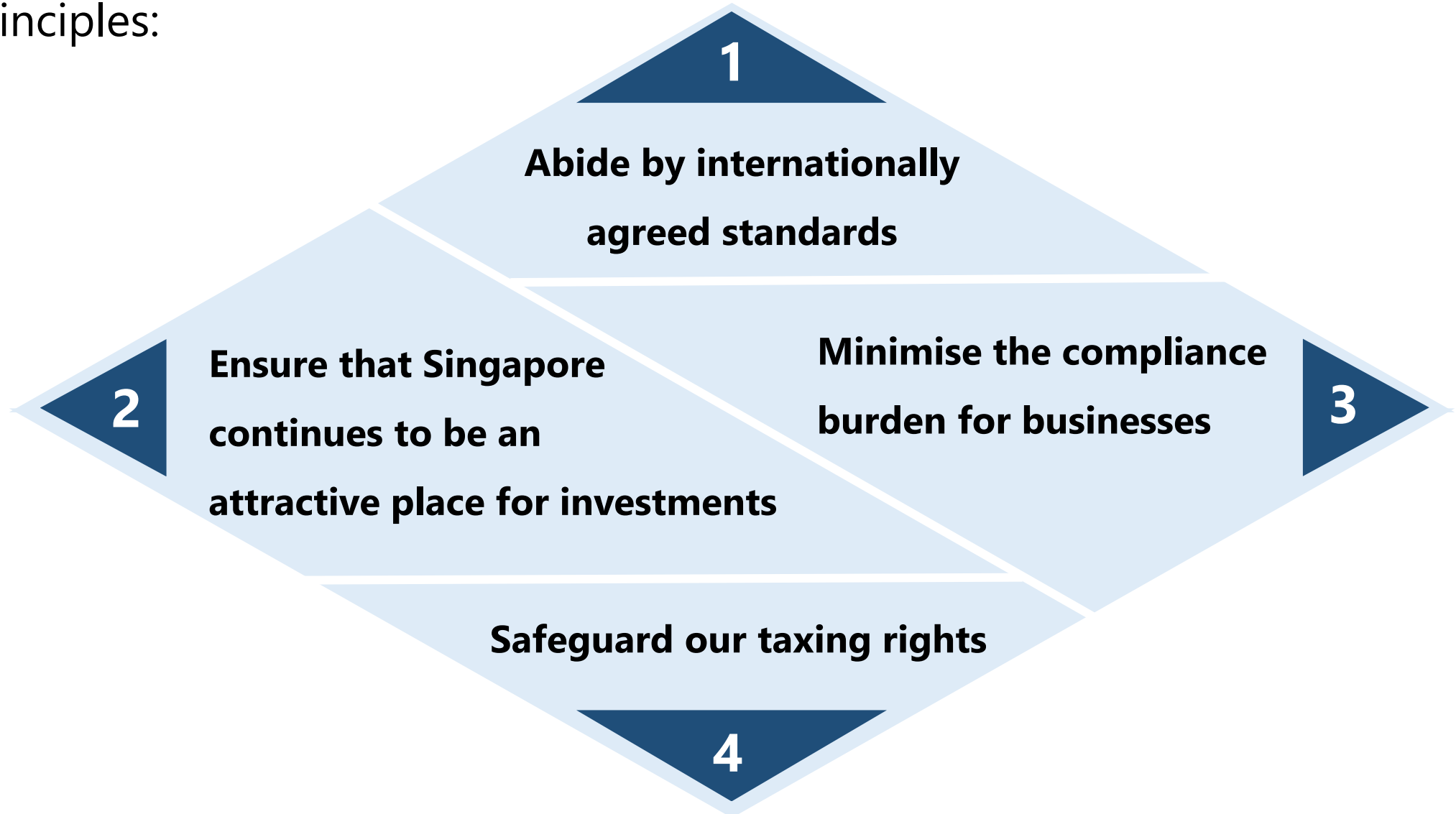
**A domestic top-up tax to raise MNE group's effective tax rate in Singapore to 15%**

**2.**

**The implementation of the Global Anti-Base Erosion Rules**

# We will consult the industry on the technical details, and monitor international developments

- Key principles:



# BEPS2.0 will reduce the scope for tax competition, but not global competition for investments

- BEPS 2.0 represents a **fundamental change** in the competitive environment.
  - It limits the room for tax competition, e.g. curtails the flexibility of all jurisdictions to pursue their tax policy such as the use of tax incentives.
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- Room for tax competition is **narrowed**, but competition for investment remains intense.
  - **Companies** will review their existing and new investments.
  - Governments including Singapore will need to strengthen their **competitiveness to attract investment**, such as skilled labour force, rule of law, connectivity, and certainty.

# Post-BEPS 2.0, smaller economies, such as Singapore, will need to strengthen non-tax factors to stay competitive

## Tax incentives

- Tax incentives will still have a role to play, especially for **smaller MNE groups**.
- We will continue to periodically review the tax incentives to ensure that they remain **relevant, competitive and compliant** with international standards.

## Non-tax factors

- We want to continue to **attract substantive economic activities**, to **create quality growth and good jobs** for Singaporeans.
- The key is to double down on the **non-tax factors that will enable us to stay competitive** – investing more in our workers, building new infrastructure, incentivising R&D, and enhancing our connectivity including digital connectivity.

Thank you