

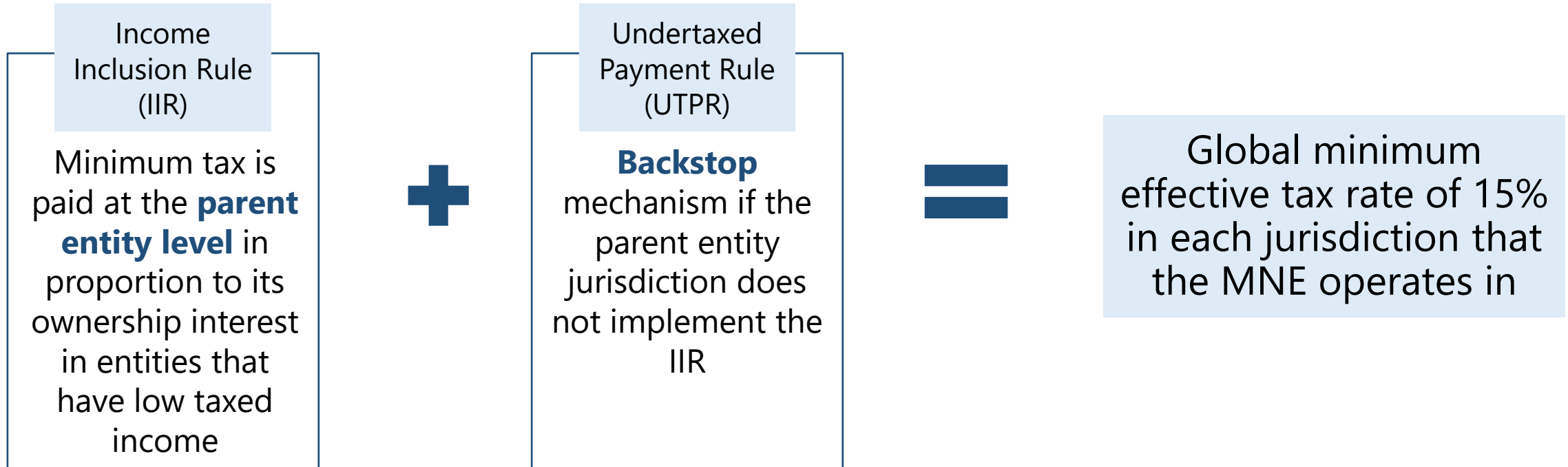
# Singapore's Response to Pillar 2 GloBE Rules

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# Global Anti-Base Erosion (GloBE) Rules

- MNEs with at least €750m of annual global turnover:



- If an in-scope MNE were to have an effective tax rate of **less than 15%** in a jurisdiction at the group level, **other jurisdictions** can collect the difference up to 15%.
- This **sets a floor** on the effective tax rates on MNEs, wherever they operate in.

# This 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.

# In response to BEPS2.0 GloBE Rules, Singapore is also studying adjustments to our tax system

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- This includes:

**1.**

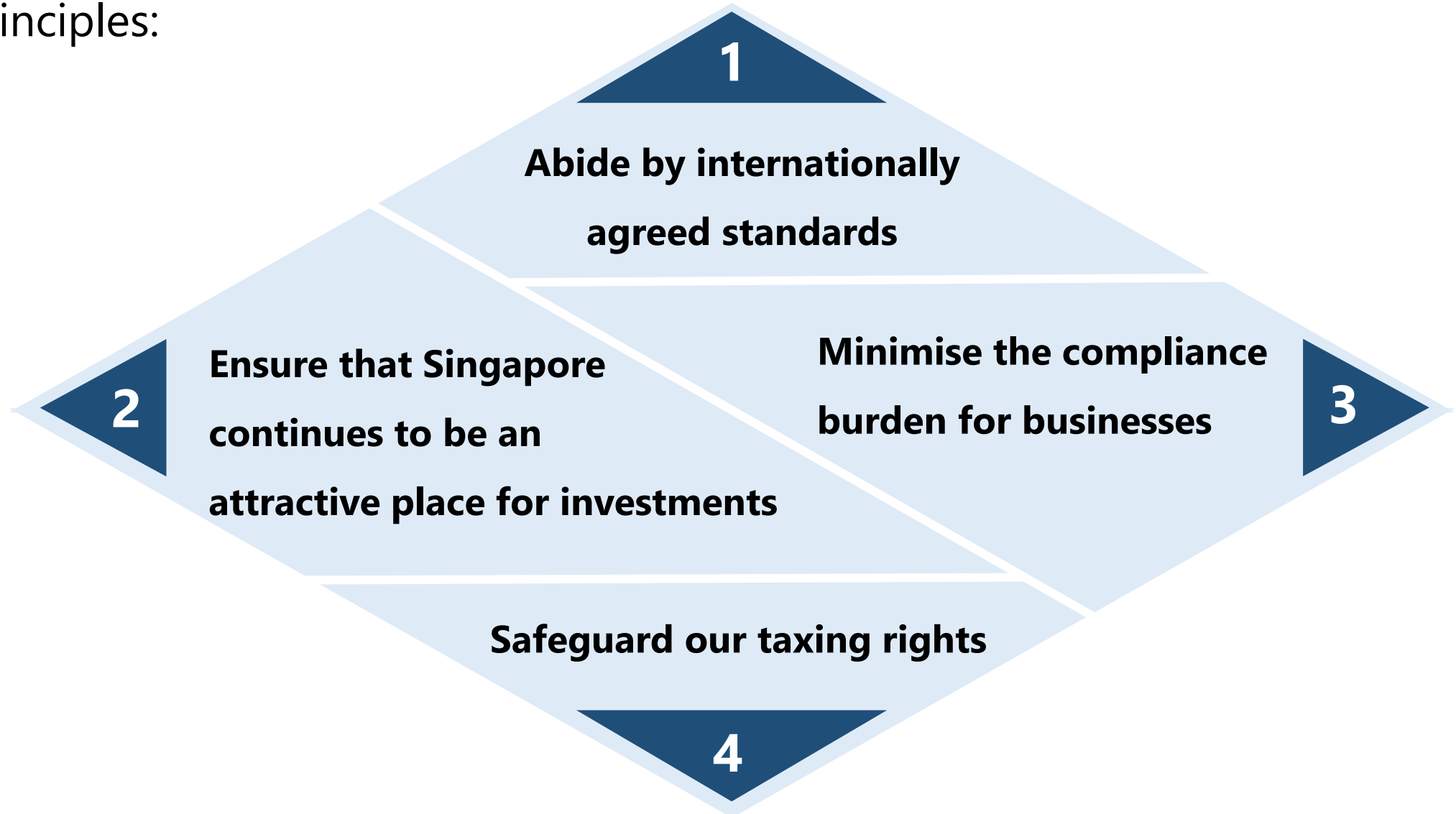
**A domestic top-up tax to raise MNE group's effective tax rate in Singapore to 15%**

**2.**

**The implementation of the GloBE Rules (IIR and UTPR)**

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

- Key principles:



Thank you