

Automatic exchange of information (AEOI)

Singapore

General

Singapore is one of more than 100 jurisdictions which have committed to implementing the Common Report Standard ("CRS") for the automatic exchange of information ("AEOI") on financial accounts between jurisdictions for tax purposes.

Fighting tax evasion

In July 2014, the OECD (Organisation for Economic Co-operation and Development) Council adopted the new global standard on the international automatic exchange of information in tax matters. At the plenary meeting of the Global Forum in October 2014, nearly 100 countries committed themselves to the introduction of the new global standard. Nearly 50 countries announced that the first exchanges would take place in respect of the figures for 2017, with the remainder to follow suit in 2018.

What information is exchanged?

The CRS applies both to natural persons and legal entities. According to this standard and the FATF (Financial Action Task Force) recommendations, the account's actual beneficial owner must be identified. The information to be disclosed to the Inland Revenue Authority of Singapore (IRAS) includes the account number and tax identification number as well as the name, address and date of birth of any foreign-resident taxpayer who holds one or more accounts in a country other than his or her country of origin, all forms of income and the account balance.

Timing of the exchange

Once an agreement with a partner country comes into effect in a particular year (e.g. 2017), the relevant information will be reported in the following year (e.g. 2018).

Legal basis and implementation

There are two possible ways Singapore can implement the AEOI:

1. Bilateral treaties: Singapore regulates AEOI on the basis of the OECD standard directly with the other jurisdiction concerned (e.g. the EU).
2. Multilateral competent authority agreement (MCAA): Singapore activates the AEOI bilaterally with the other country (e.g. Australia) by notifying the secretariat of the OECD co-ordination body accordingly.

The Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 ("CRS Regulations") incorporate the requirements of the CRS into Singapore's domestic legislative framework. The CRS Regulations came into effect on 1 January 2017. The CRS Regulations require financial institutions in Singapore amongst other things to obtain certain information from account holders and to establish the tax residency status of such account holders.

Singapore's CRS legislation requires and empowers all reporting banks to put in place the necessary procedures and systems to establish the tax residence(s) of all their account holders (including those that were closed during the calendar year), instead of only for account holders that are tax residents of jurisdictions with which Singapore has a Competent Authority Agreement to exchange financial account information (so called Wider Approach).

On 21 June 2017, Singapore signed the CRS MCAA. This will enable Singapore to efficiently establish a wide network with other countries that have committed to implementing the automatic exchange of information based on the CRS.

Please refer to the IRAS and OECD websites for more relevant information.

Note:

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