

Annex: MOF's responses to key feedback on the proposed Finance (Income Taxes) Bill 2025

Amendments to the ITA

1. Enhancement of section 13W of the ITA that will provide upfront certainty of non-taxation of companies' gains on disposal of equity investments

- a) Feedback: Provide more details on the new group basis of assessment for the 20% shareholding threshold condition.

Response: **Accepted**. IRAS has provided details on the new group basis of assessment in its e-Tax Guide. Under the new group basis of assessment for the 20% shareholding threshold condition, gains from the disposal of ordinary and / or preference shares (which are accounted as equity) are exempted from tax if the divesting company and any company in the same group legally and beneficially owned in aggregate at least 20% shareholding in the investee company and the disposed shares were continuously held for at least 24 months immediately prior to the date of disposal of such shares.

- b) Feedback: Clarify the applicable accounting principles / standards used in the definition of preference shares.

Response: **Accepted**. Preference shares will be defined as preference shares accounted for as equity under the (i) applicable accounting principles adopted by the investee company; or (ii) International Financial Reporting Standards, if the investee company is not required to comply with any specific accounting standard in preparing its financial accounts.

- c) Feedback: Include registered business trusts and variable capital companies in the enhancement to allow the assessment of the 20% shareholding threshold condition to be done on a group basis.

Response: **To be further studied**. MOF, IRAS and MAS will study the feasibility of extending the group basis of assessment for the 20% shareholding threshold condition to registered business trusts and variable capital companies.

2. Introduction of a tax deduction for payments made under an approved cost-sharing agreement for innovation activities

- a) Feedback: Not to claw back tax deductions previously allowed upon the sale, assignment or disposal of benefits that arose from an approved cost-sharing agreement during the approved period.

Response: **Not accepted**. The tax deduction seeks to support innovation activities conducted in Singapore and overseas that have direct value-add to the Singapore company. The clawback provision is meant as a safeguard against transactions that are not in line with the intent of the deduction.

3. Identification of related parties of trusts and partnerships for transfer pricing purposes and exclusion of non-commercial private trusts from transfer pricing requirements

- a) Feedback: Clarify how “control” is determined for trusts and partnerships for the purpose of establishing related parties.

Response: **Accepted**. Details will be set out in the subsidiary legislation.

- b) Feedback: Provide guidance on the application of transfer pricing rules and adjustments to related party transactions involving partnerships.

Response: **Accepted**. IRAS will provide more information and include illustrations in its Transfer Pricing Guidelines. IRAS targets to publish the updated guidelines by 2Q 2026, after consulting the industry.

Amendments to the MMTA

4. Clarify and provide for the treatment of “securitisation entity” as permitted under the June 2024 Administrative Guidance approved by the Inclusive Framework on Base Erosion and Profit Shifting

- a) Feedback: Clarify if securitisation entities are excluded from the scope of domestic top-up tax (“DTT”) calculations.

Response: **Accepted**. The MMTA includes securitisation entities in the scope of DTT by default. To ensure the continued viability of securitisation transactions in Singapore, the proposed legislative amendments will exclude a securitisation entity from:

- i) Joint and several liability of unpaid DTT and interest of the multinational enterprise group; and
- ii) Appointment as the designated local DTT filing entity unless it is the only constituent entity located in Singapore.

For consistency and clarity, the proposed amendments will also clarify that a securitisation entity must not be appointed as the designated local GloBE information return filing entity unless it is the only constituent entity located in Singapore.

5. Clarify the definition of “excluded equity gain or loss”

- a) Feedback: Make corresponding amendment to the Multinational Enterprise (Minimum Tax) Regulations 2024 for the purpose of making adjustments to the financial accounting net income or loss for “excluded equity gain or loss”.

Response: **Accepted**. The corresponding amendment will be made in the regulations.