

**INPUT FROM THE REPUBLIC OF SINGAPORE ON THE PROMOTION OF
INCLUSIVE AND EFFECTIVE INTERNATIONAL TAX COOPERATION AT THE
UNITED NATIONS**

Singapore appreciates the opportunity to contribute to discussions on ways to strengthen the inclusiveness and effectiveness of international tax cooperation. We appreciate that the report will comprehensively analyse all relevant international legal instruments, other documents and recommendations that address international tax cooperation.

2 Currently, international fora such as the Inclusive Framework on Base Erosion and Profit Shifting (“IF”), which comprises more than 140 jurisdictions, and the Global Forum on Transparency and Exchange of Information for Tax Purposes (“GF”), which comprises more than 160 jurisdictions, undertake work to address the anomalies and loopholes in the tax systems that provide opportunity for tax avoidance and evasion, and on tax transparency respectively. Both have wide and large memberships, and their work has helped advanced efforts towards addressing these loopholes and ensuring greater tax transparency.

3 The GF supports its members in tackling offshore tax evasion by monitoring, reviewing and assisting jurisdictions to implement the international standards on transparency and exchange of information for tax purposes. Through its peer review programmes, the GF ensures that members are effective in implementing their respective tax transparency practices based on internationally agreed standards. There is consensus that its work has been highly effective, with over 120 jurisdictions’ practices peer reviewed since 2010. The GF also has a well-developed capacity building framework, that allows them to provide technical assistance on a global scale and in particular to developing economies. Since 2011, 22,000 officials from all over the world attended 316 seminars, workshops, and trainings conducted by the GF. This has helped 66 developing jurisdictions to join the Convention on Mutual Administrative Assistance in Tax Matters, ensuring effective implementation of the tax transparency standards. In 2022, 74 developing jurisdictions received extensive support through bilateral technical assistance in tax transparency.

4 The most significant global tax reform currently being undertaken by the IF is to address the tax challenges arising from the digitalisation of the economy. To this end, the Two-Pillar Solution was agreed by 137 jurisdictions in October 2021 and when implemented, will provide stability to the international tax system.

5 Substantial progress has been made at the IF to address BEPS. Under BEPS 1.0, over 100 jurisdictions concluded negotiations on and have joined the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, covering

over 1,850 bilateral tax treaties. The 15 actions developed under BEPS 1.0, including the four minimum standards, help tackle tax avoidance, prevent treaty abuse, improve the coherence of international tax rules and ensure a more transparent tax environment. Significant progress has also been achieved under BEPS 2.0, on the global minimum effective tax under Pillar Two with the release of the model rules and implementation package. Further, many jurisdictions have committed to implementing the Global Anti-Base Erosion rules which will bring the envisaged outcomes of Pillar Two into fruition. These developments demonstrate the effectiveness of the IF process to deliver tangible results in international tax cooperation. Substantial work has also been done on Pillar One which will re-allocate taxes to the market jurisdictions, while rolling-back unilateral measures such as digital service taxes which fragment the international tax landscape and can result in multiple/over taxation and stifle global economic growth and innovation. The IF has also made significant progress on the Subject-to-Tax-Rule under Pillar Two, that allows developing countries to impose a top-up tax of up to 9% on certain related party payments. The OECD estimates that over US\$200 billion will be raised from BEPS 2.0.

6 In the last few years, developed and developing countries have invested an enormous amount of time and resources to develop the Two-Pillar Solution, which has delivered results. Businesses have been widely consulted and are preparing for the new rules while governments have started planning for legislative and system changes. Significant thought has gone into designing rules and mechanisms that will ensure the effectiveness of this consensus-based solution. Developing a new pathway at this point could thus risk unravelling years of hard work and may exact further demands on countries' already limited resources. It may also further delay the reform of global tax rules, and consequently the outcomes the reform seeks to achieve. This would be to the detriment to all, especially developing countries.

7 We therefore urge participating jurisdictions at the IF to press on with the work that has been done so far and encourage non-participants to consider taking part in this important process. This will help stabilize the international tax system. The IF process also provides for inclusive participation; it currently comprises over 140 jurisdictions. Developing countries make up about a third of the membership and half of the Steering Group (the IF leadership sub-body), which is co-chaired by representatives from a developing and developed country. We note that the IF has regularly conducted regional outreach events and consultations on the original BEPS project as well as the Two-Pillar Solution in partnership with other regional and international organisations. These consultations have provided opportunities for IF members and non-IF members alike to get updates on the IF's progress and share views and concerns. There is also strong recognition that capacity building support for developing countries in the implementation of the new rules would be critical in the coming years.

8 Capacity building support will require the help of strong institutions that are already designed and resourced to focus on developing countries. The UN has an important role to play

in this effort, particularly in identifying and addressing the needs of all members, especially developing countries, in practical ways such as:

- Exploring how to increase members' participation in and effective use of existing platforms relating to tax administrations, such as the Forum on Tax Administration and regional tax administration groupings. These fora can be especially helpful to build networks with fellow tax administrations as well as to exchange experiences and views on implementing new tax initiatives. The Inland Revenue Authority of Singapore has benefited from these regular knowledge exchanges with other tax administrators at both plenary meetings as well as topic-specific working groups.
- Capacity building to strengthen tax administrations (e.g. through digitalisation, effective use of information, implementing internationally agreed tax standards, and enhancing domestic legislative and administrative frameworks and processes to improve taxpayer compliance and prevent tax leakage). Singapore can share our experiences in this regard.
- Ramping up efforts to develop practical guidance, such a set of best practices or handbooks for specific tax administration topics.
- Closely coordinating with the IF in developing capacity building programmes or technical assistance to implement the Two-Pillar Solution, to ensure consistency and a level playing field.

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