UAE & Singapore – Summary of tax compliance requirements (March 2025)

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Contents

Glossary

Abbreviations and acronyms	
BEPS	Base Erosion and Profit Shifting
CT	Corporate Tax
FTA	Federal Tax Authority
GCC	Gulf Cooperation Council
GST	Goods and Services Tax
IRAS	Inland Revenue Authority of Singapore
MNEs	Multinational Enterprises
MoF	Ministry of Finance
OECD	Organisation for Economic Co-operation and Development
QFZP	Qualifying Free Zone Person
SGD	Singapore Dollars
TP	Transfer Pricing
UAE	United Arab Emirates
UAE Dirhams	United Arab Emirates Dirham
VAT	Value Added Tax

Singapore Corporate tax

- **Basis** - Corporate Tax is assessed on a preceding year basis in Singapore. Currently, Singapore's Corporate Tax rate is 17%.

- **Definition of Company** - For income tax purposes, the following is considered a "Company":

  - A business entity incorporated or registered under the Companies Act 1967 or any law in force in Singapore. It usually has the words 'Pte Ltd' or 'Ltd' as part of its name

  - A foreign company registered in Singapore such as a branch of a foreign company

  - A foreign company incorporated or registered outside Singapore

- **Basis period** - To assess the amount of tax, IRAS considers the income, expenses, etc. during the financial year. This financial year is known as the 'basis period'. The basis period is generally a 12-month period preceding the Year of Assessment (i.e. the year in which a company's income is assessed to tax)

- **Returns** - A Singapore based Company has to file 2 Corporate Income Tax Returns with IRAS every year which includes the **Estimated Chargeable Income (ECI)** and **Form C-S/ Form C-S (Lite)/ Form C.**

Tax Return	Purpose	Due Date
ECI	An estimate of the Company's taxable income for a Year of Assessment	The CT return is apparently due nine months after the Tax Period has ended. Also,No advance or preliminary corporate tax filings are necessary.

Tax Return	Purpose	Due Date
Form C-S/ Form C-S (Lite)/ Form C	Declaration of the Company's actual taxable income for a Year of Assessment	By 30th November each year

UAE Corporate tax

- **Basis** - The UAE introduced a federal corporate tax regime effective from **June 1, 2023**, with a standard corporate tax rate of **9%**. However, a **0% tax rate** applies to taxable income up to **AED 375,000** to support small businesses and startups. Additionally, in line with commitments made with entities set up in UAE free zones, 0% corporate tax also applies to entire taxable income of Qualifying Free Zone entities, subject to fulfilment of certain conditions.

- **Definition of Company** - For corporate tax purposes, the following is considered a **"Taxable Person"** in the UAE

1. **Domestic Companies**:

    - A business entity incorporated or registered any UAE law, including:
        - Companies established in **Mainland UAE** (e.g., LLC, PJSC).
        - Companies established in **Free Zones** (e.g., Free Zone Limited Liability Company, Free Zone Establishment).
        - Offshore companies, incorporated under any law of the UAE.
    - These entities typically have designations such as **LLC**, **FZE**, **FZCO**, or **PJSC** as part of their name.

2. **Foreign Companies**:

    - A foreign company that has a **permanent establishment** or **nexus** in the UAE, such as a branch office or a place of business.
    - A foreign company that is **managed and controlled** in the UAE

- **Basis period** - To assess the amount of corporate tax, the **Federal Tax Authority (FTA)** considers the income, expenses, and other relevant financial activities during the **financial year**. This financial year is referred to as the **"Tax Period"** in the UAE The Tax Period is generally a **12-month period** corresponding to the company's financial year. (i.e. if a company's financial year runs from **January 1 to December 31**, this will be its Tax Period). However, there is no fixed Tax Period prescribed by the Government and Companies can follow the Tax Period of their choice, which they have been generally following.

- **Returns** - Companies operating in the UAE must register for Corporate Income Tax and obtain a Corporate Tax Registration Number (CTRN) from the Federal Tax Authority (FTA)**.** Companies in the UAE are required to **file one Corporate Tax Return** annually with the FTA.

Tax Return	Purpose	Due Date
Corporate Tax Return	Declaration of the Company's actual taxable income for the Relevant Tax Period (i.e. Financial Year)	Due within nine months after the end of their relevant Tax Period

Singapore Goods and Services tax (GST) and Withholding tax (WHT)

GST

- **Definition** – A broad based consumption tax levied on the import of goods and mostly all supplies of goods and services in Singapore.

- **Taxable supplies** – Goods (mostly local sales) and Purchase of imported low-value goods in Singapore (effective from 1 Jan 2023) at the rate of 9%. Further, services (mostly local provision of services) and import of services into Singapore at the rate of 9%.

- **Zero-rated supplies** – Export of goods and Services classified as international services

- **Registration requirement** – If a Company's taxable turnover exceeds Singapore Dollars 1 million, then it must register for GST. Companies may also be liable for GST registration under the Reverse Charge and Overseas Vendor Registration regimes, subject to certain conditions.

- **Return filing deadline** – A GST registered business must submit the GST return within a month from the end of each prescribed accounting period. This is usually done on a quarterly basis.

  The return must include details of both input tax and output tax. Difference between the two is net GST either payable to IRAS or refundable by IRAS.

WHT

- **Applicability** - Person (or payer) making payments of a specified nature (e.g. royalty, interest, technical service fee, etc.) to a non-resident company or individual (or payee) must withhold a percentage of the payment and pay the amount withheld to IRAS as WHT.

- **Filing requirements** - WHT rates vary according to the nature of payment. A payer must file and pay the WHT to IRAS by the 15th of the second month from the date of payment to the non-resident.

UAE Value Added Tax (GST) and Withholding tax (WHT)

VAT

- **Definition** – an indirect tax imposed on the supply of goods and services and is charged at each stage of the supply chain in UAE.

- **Taxable supplies** – Supply of Goods and Services are generally subject to the standard rate of 5% VAT, whereas exports can be subject to 0% VAT, subject to certain conditions (see below comments under point 'Zero rated supplies'. Certain transaction of UAE Companies can also be out of scope for the purpose of UAE VAT (such as trading of goods as third port shipments without goods coming into the UAE, etc.). Import of goods and services can be subject to the standard rate of VAT under reverse charge mechanism.

- **Zero-rated supplies** – Export of goods and Services subject to VAT at zero rate subject to conditions

- VAT rate will also be subject to 0% in respect of the following categories of supplies:
    - Exports of goods and services to outside the UAE.
    - International transportation, and related supplies of certain sea, air and land means of transportation (such as aircrafts and ships
    - Certain investment grade precious metals (e.g. gold, silver, of 99% purity)
    - Newly constructed residential properties, that are supplied for the first time within three years of their construction
    - Supply of certain education services, and supply of relevant goods and services.
    - Supply of certain healthcare services, and supply of relevant goods and services

- **Registration requirement** – A business must register for VAT if the taxable supplies and imports exceed the mandatory registration threshold of AED 375,000. Furthermore, a business may choose to register for VAT voluntarily where the total value of its taxable supplies and imports (or taxable expenses) is in excess of the voluntary registration threshold of AED 187,500.

- **Return filing deadline** – Once you have registered for VAT in the UAE, you are required to file your VAT return and make related VAT payments within 28 days from the end of your tax period. However, if the due date coincides with a public holiday, then the same extended to immediate next working day. The tax period can be quarterly or monthly, as decided by the Federal Tax Authority generally on the basis of turnover with applicants.

WHT

- **Applicability** - In the UAE, presently the withholding tax rate is 0% for both domestic and cross-border payments.

Singapore Transfer Pricing

- **Primary Requirement** - As a general rule and principle, Singapore taxpayers must review and refresh their Transfer Pricing (TP) documentation annually. This will result in taxpayers having to prepare TP documentation for each basis period (also referred to as the financial year). This is the most important and critical requirement for each taxpayer to determine the appropriate arm's length price.

  TP documentation would either be a full version or a simplified version (in other words, a TP memo), depending on the applicable thresholds. However, a Group level documentation or Master File will not suffice as local TP documentation/memo is required, as per the guidelines.

- **Full-version of the TP documentation** - Applicable to Singapore taxpayers with a gross revenue of Singapore Dollars (SGD) 10 million or more in the relevant financial year with intercompany transactions like sales/purchases/loans/services/any other transactions, exceeding the thresholds listed below. Full-version is a compulsory/mandatory preparation by the due date to avoid penalties.

  The amended intercompany transaction thresholds with effect from 1 January 2025, are as follows:

  a. Sales or Purchases – SGD 15 million per transaction

  b. Provision or Receipt of services – SGD 2 million per transaction

  c. Intercompany loans (Provision or Receipt) – SGD 15 million per transaction

  For all the years prior to 1 January 2025, point a. and c. remain the same. **However, point b. was 1 million per transaction prior to 1 January 2025.**

- **TP memo** - Singapore taxpayers with a gross revenue of less than SGD 10 million in the relevant financial year but having intercompany transactions exceeding the thresholds mentioned earlier, should prepare a TP memo to determine the appropriate arm's length price. This memo is recommended from a local regulations' perspective to satisfy the arm's length principle.

- **Related party domestic or cross-border loans** – For such loans into on or after 1 January 2025 – Singapore taxpayers must either apply the IRAS (Singapore tax authority) indicative margin or determine the interest rate based on arm's length principle. However, an interest free related party loan shall be completely disregarded by the IRAS.

UAE Transfer Pricing

Based on the Transfer Pricing Guide issued by the FTA, the UAE CT regime will include formal transfer pricing (TP) rules and TP documentation requirements in line with the TP Guidelines issued by the Organisation for Economic Cooperation and Development (OECD TP Guidelines 2022).

TP Applicability

As stipulated in the **Federal-Decree-Law-No.-47-of-2022 Article 34- Arm's Length Principle**:

A transaction or arrangement between Related Parties meets the arm's length standard if the results of the transaction or arrangement are consistent with the results that would have been realised if Persons who were not Related Parties had engaged in a similar transaction or arrangement under similar circumstances.

Related Parties

A related party is an individual or entity who has a pre-existing relationship with a business that is within the scope of the UAE CT regime through ownership, control or kinship (in the case of natural persons). There are different rules for determining whether parties involved in a transaction are considered "Related Parties" for UAE CT purposes. These are summarised below:

Connected persons:

Article 36(6) of the Corporate Tax Law specifies the categories of Taxable Persons where the deduction of payments or benefits provided to their Connected Persons is not restricted to the Arm's Length Price. These Taxable Persons would include any of the following:

- Taxable Person whose shares are traded on a recognized stock exchange;
- Taxable Person that is subject to the regulatory oversight of a competent authority in the UAE; and
- any other Person as may be determined in a decision to be issued by the Cabinet.

Transfer pricing adjustments

If the Authority or a Taxable Person adjusts the Taxable Income for a transaction to meet the arm's length standard, the Authority will make a corresponding adjustment to the Taxable Income of the Related Party involved. Similarly, if a foreign competent authority makes an adjustment to a transaction involving a Taxable Person, the Taxable Person can request the Authority to make a corresponding adjustment to its Taxable Income.

Transfer Pricing Documentation requirement

- **As per Clause 1 of Article 55**, Authorities may, by notice or through a decision, request the Taxable Person to file together with a tax return a disclosure containing information regarding the transaction with its related parties and connected persons in form prescribed by the Authorities;
- **Ministerial Decision No. 97 of 2023** provides that a Taxable Person shall maintain both **Master File** and **Local File** for the relevant Tax **Period if either of the conditions is satisfied:**
- Revenue in a relevant tax period **more than or equal to AED 200 million**; **or**
- The taxpayer is part of a **multinational group that has a consolidated turnover of more than or equal to AED 3.15 billion** in the relevant tax period.

Further, as per the Corporate Tax Guide on **Tax Return**, following threshold has been notified for the disclosure of high value transactions with related party and connected person

Schedules	Materiality threshold	Requirements
Related parties	AED 40 million	Applicable only when aggregate value of related party transactions (book value or market value) exceeds AED 40 million.

	AED 4 million	If aforesaid threshold is met, only disclosure of such category of transactions (e.g. Purchase / sale/ expenses etc.) whose aggregate value exceeds AED 4 million
Connected persons	AED 500,000	Applicable only when aggregate value of transaction with connected persons (including their related parties) exceeds AED 500,000. Transaction with each connected person exceeding AED 500,000 need to be disclosed.

Key Emerging TP Issues and Practical Implications

Digital Economy and TP Challenges:

UAE:

On 26 July 2021, the Ministry of Finance issued an official statement confirming the UAE's support of the global minimum effective tax rate as proposed under "Pillar Two" of the OECD BEPS project. The introduction of a UAE Corporate Tax regime will provide a basis for the UAE to execute its support by applying a different Corporate Tax rate to large multinationals that meet specific criteria set with reference to the above initiative.

In December 2024, the Ministry of Finance has confirmed that the UAE will introduce a Domestic Minimum Top-up Tax (DMTT) of **15%**, applicable to large groups, with consolidated revenues exceeding **AED 3.15 billion** (**EUR 750m**) and with operations in more than one jurisdiction for the financial years starting on/ after the 1st of January 2025.

Practical Implications

- **Increased Tax Burden**: MNEs operating in the UAE may face higher effective tax rates, especially if they previously benefited from low or zero tax rates in free zones.
- **TP Adjustments** - Businesses may need to revisit their TP policies to ensure compliance with the new global minimum tax rules.
- **Documentation and Reporting** - Additional documentation and reporting requirements (e.g., Country-by-Country Reports) will increase the compliance burden.
- **Challenges in Allocating Profits from Digital Activities Using New TP Methods** - Businesses may need to adopt alternative TP methods (e.g., profit split or valuation techniques) to allocate profits from digital activities.
- **Strategic Restructuring** - Companies may need to reconsider their group structures and supply chain models to optimize their global tax position.

Singapore:

Key Emerging TP Issues

- Increased regulatory scrutiny/audits and enhanced focus on meeting compliance requirements as per the prescribed timelines
- Appropriate determination of arm's length price for financial transactions especially intercompany loans
- Strict compliance requirements for Cost Contribution / Cost Pooling Arrangements
- Application of arm's length principle to government assistance
- Application of arm's length principle for commodity marketing and trading activities
- Determination of appropriate remuneration for Intangibles
- Strict pass-through costs treatment
- GST and Transfer Pricing adjustment

Practical Implications

- **Documentation** – Preparation and maintenance of an appropriate TP documentation or memo to determine the arm's length price for the covered transactions (subject to meeting thresholds) must be done appropriately and properly, to ensure adequate compliance
- **Intercompany agreements** - Intercompany loan arrangements must be carefully analyzed and evaluated with an appropriate interest rate, determined as per the guidelines
- **Maintenance of supporting documents** - Supporting documents like intercompany agreements, invoices, debit/credit notes, e-mail correspondence must also be maintained to validate the arm's length price analysis conducted and to submit during TP audit process
- **Commercial reasoning/justification** – Proper reasoning/justification must be provided while undertaking any comparability adjustment or any other self-initiated TP adjustment, for not charging mark-up towards a specific cost

item, for not including any specific item in the total cost base for mark-up purposes or for proposing for a specific transaction to be covered in a MAP or APA application

Potential Assistance PKF Can Offer – PKF UAE

PKF UAE has developed a range of other services in order to provide its clients with complete professional advice. These include:

Internal audit	Corporate Tax	Free zone and offshore company formation
Forensic and other investigations	Transfer Pricing	Organisation reviews and system studies
Accounting and procedure manuals	Value Added Tax	Training and consulting on IFRS
Financial projections	Excise Duty	Market analysis and feasibility studies
Due diligence reviews	International tax (including withholding tax and foreign tax credits and Tax Residency Certificates)	Business and share valuations
Business risk identification	Tax Audit support *(including audits of erstwhile Economic Substance Regulation filings)*	Back -office support services – accounting and payroll

PKF is a global family of legally independent firms bound together by a shared commitment to quality, integrity and the creation of clarity in a complex regulatory environment. We provide world-class analysis and clear solutions in Assurance, Advisory, Taxation and Business Services for companies around the globe.

PKF, founded in 1891, is committed to a culture where client service comes first. We value relationships with both our clients and our employees. Our PKF membership gives our clients access to dedicated, local expertise, industry-specific knowledge, and international proficiency. We deliver a cost-effective service, giving our clients direct access to the decision makers of our Firm, and adhere to global quality standards.

What truly sets us apart is the emphasis we place on listening to your unique circumstances, and the way our decision-makers work with clients, as one global team, to provide exactly what is needed. Our presence on 6 continents gives us both the local perspective and the global reach to provide easy-to-follow recommendations every step of the way.

Potential Assistance PKF Can Offer – PKF Singapore

At PKF Singapore, we have a dedicated team of Transfer Pricing (TP) experts and specialists who have rich and significant TP experience spread across different industries and sectors and can provide all the necessary assistance and support to you in terms of TP compliance, advisory, dispute prevention and dispute resolution, in accordance with the Singapore and Asia-Pacific rules and regulations as well as the global TP principles and standards prescribed by the OECD.

Some of our key TP service offerings include the following:

- Undertaking detailed diagnostic reviews of existing intercompany transactions, business models and TP policies, highlighting the potential red flags and suggesting the appropriate arm's length prices in accordance with the local regulations;
- Providing assistance towards conducting robust economic (including benchmarking analyses) for intercompany transactions pertaining to services, manufacturing, distribution, royalty fee, license fee, trademark fee, franchise fee, intercompany loans, corporate guarantees etc;
- Assistance towards preparation of TP Documentation, TP Memo and review of Group TP Master File or policy document;
- Assistance in conducting value chain analysis, alignment and transformation;
- TP Advisory covering aspects like planning benchmarking analyses, TP issues related to Permanent Establishment, Intangibles, business restructurings etc; and
- Assistance in TP audits, Advance Pricing Agreement and Mutual Agreement Procedure

What differentiates PKF?

A global family

Our firm is connected to 220 firms within the PKF network by a shared commitment to quality, integrity and the creation of clarity in a complex regulatory environment. As a result, we can provide you with world-class, clear solutions in Assurance, Advisory, Taxation and Business Services anywhere in the world.

Global standards

PKF firms believe in creating a culture where client service comes first and are committed to delivering cost-effective solutions while adhering to global quality standards.

A personal approach

What truly sets us apart is the emphasis we place on listening to your unique circumstances. You get direct access to the decision-makers in our firm, and together we carve out the solutions you need, now.

A value-based approach

Our values reflect who we are and what we stand for. Our five core values are:

PASSION

We have an appetite for progress. We strive to exceed your expectations and provide opportunities to our people to grow personally and professionally.

TEAMWORK

We are advisers without borders. Member firms are independently owned and managed, but strong personal relationships allow us to work seamlessly. We treat our fellow members' clients as if they were our own.

CLARITY

We initiate clear and direct action and believe in being transparent at all times.

QUALITY

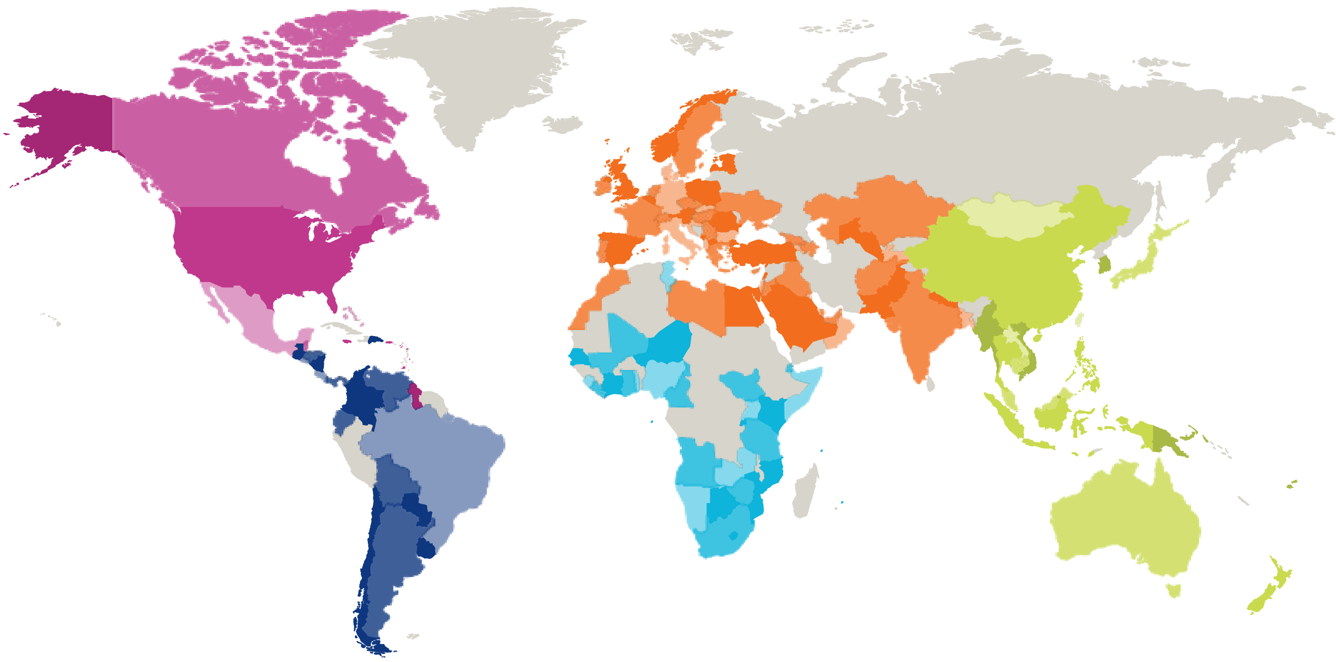
We apply the highest standards of quality to our work and are all party to the PKF Commitment.

INTEGRITY

We have shared standards and a mutual respect for entrepreneurs and influential leads, which extends our voice and reach. There is a strong sense of support and encouragement to make things happen together.

Proudly part of the global PKF family

We act together, sharing diverse ideas, niche expertise, specialist resources and deep relationships for everyone's benefit.



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