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| **FORM FOR INCOME TAX ADVANCE RULING ON THE ADEQUACY OF ECONOMIC SUBSTANCE**  |
| *TO: COMPTROLLER OF INCOME TAX (“CIT”)**55 Newton Road Revenue House Singapore 307987* |
| This form (“ESR Form”) is supplementary to the form “Application for Advance Ruling” (the “ Ruling Application Form”). This ESR Form is for use by applicant(s) to provide specific information relating to an application for advance ruling concerning the adequacy of economic substance under section 10L of the Income Tax Act 1947 (“ITA”).  |
| Please complete this ESR Form if the ruling request relates to the adequacy of economic substance under section 10L of the ITA. |
| This ESR Form must be submitted together with the Ruling Application Form. Submission of this ESR Form only will not be regarded as a valid application for advance ruling. |
| Please ensure that this ESR Form is fully completed and duly signed.  |



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| **Section A: Applicant’s Particulars** |
| **A1.** Full Name:1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For joint application with more than 2 applicants, please furnish the above information in a separate attachment to this application. |

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| **Section B: Individual or Joint Application** *(please tick the appropriate box)* |
| Individual application: application made by the applicant for itself (please complete Sections C, D and Section E or F (whichever is applicable)) Joint application: application made by the applicant for itself and other entities of the relevant group[[1]](#footnote-2) it belongs to in Singapore (collectively referred to as “Relevant Entities”) (please complete Section G). Joint application: application made by the applicant which is a holding entity[[2]](#footnote-3) and applying for the economic substance requirement to be applied at the holding entity level on behalf of its Special Purpose Vehicle(s) (“SPVs”)[[3]](#footnote-4) (please complete Section H) |

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| **Section C: Details of individual Application** |
| **C1.** Date (or Proposed date[[4]](#footnote-5)) of sale or disposal of foreign asset(s)[[5]](#footnote-6): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **C2.** Description of foreign asset(s) sold or disposed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**C3.** Actual/Estimated amount of gains/losses from sale or disposal of foreign asset(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Section D: Type of entity** *(please tick the appropriate box(es) and furnish the information as required in the relevant Section as indicated)* |
| The applicant is a pure equity-holding entity[[6]](#footnote-7) (please complete Section E) The applicant is not a pure equity-holding entity (please complete Section F) |

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| **Section E: The applicant is a pure equity-holding entity** *(please tick the appropriate box)* |
| In the basis period in which the sale or disposal occurs:**E1.** The applicant will comply/has complied with all the registration and filing requirement[[7]](#footnote-8) that are applicable to the entity.**E2.** The applicant’s operations (i.e., core income generating activities)[[8]](#footnote-9) will be/has been managed and performed in Singapore (whether by its employees or outsourced to third parties or group entities).**E3.** The applicant’s operations will be/has been carried out: by the applicant through its employees; and/orby outsourcing to an outsourced entity(ies). (Please also complete E4 and submit a copy of the service agreement(s) together with this ESR Form. For more than one outsourced entity, please furnish the information in E4 in a separate attachment to this application).**E4.** Details of the outsourced entity:(a) Full Name: (b) Tax Ref. No.: |\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|(c) The applicant and the outsourced entity are related parties as defined under section 2 of the ITA[[9]](#footnote-10): 1. The applicant will exercise/has exercised adequate monitoring[[10]](#footnote-11) and control of the outsourced activities carried out by the outsourced entity on its behalf.

 1. The outsourced entity will/has set aside dedicated resources (e.g. manhours) to provide the outsourced services.

(f) The outsourced entity will charge/charges an arms-length fee to provide the outsourced services. **E5.** The applicant will have/has adequate premise(s)[[11]](#footnote-12) in Singapore to carry out the operations. **E6.** Actual/Estimated total number of full-time and part-time employees employed by the applicant and/or the outsourced entity/entities (if applicable) in Singapore to carry out the operations of the entity: None 1 to 5 6 to 10 11 to 50 Above 50 | NoYes  |

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| **Section F: The applicant is not a pure equity-holding entity** *(please tick the appropriate box)* |
| In the basis period in which the sale or disposal occurs:**F1.** The applicant’s operations (i.e., core income generating activities)8 will be/has been managed and performed in Singapore (whether by its employees or outsourced to third parties or group entities).**F2**. The applicant’s operations will be/has been carried out: by the applicant through its employees; and/or by outsourcing to an outsourced entity(ies). (Please also complete F3 and submit a copy of the service agreement(s) together with this ESR Form. For more than one outsourced entity, please furnish the information in F3 in a separate attachment to this application).**F3**. Details of the outsourced entity:1. Full Name:
2. Tax Ref. No.: |\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|
3. The applicant and the outsourced entity are related parties as defined under section 2 of the ITA9:
4. The applicant will exercise/has exercised adequate monitoring10 and control of the outsourced activities carried out by the outsourced entity on its behalf.
5. The outsourced entity will/has set aside dedicated resources (e.g. manhours) to provide the outsourced services.

(f) The outsourced entity will charge/charges an arms-length fee to provide the outsourced services.  **F4**. The key business decisions of the applicant will be/are made by persons in Singapore.**F5.** Actual/Estimated total number of full-time employees (or other persons managing or performing the entity’s operations) who have the necessary qualifications and experience and will be/are employed by the applicant and/or the outsourced entity (if applicable) in Singapore to carry out the operations of the entity: None 1 to 5 6 to 10 11 to 50 Above 50**F6**. Actual/Estimated amount of business expenditure[[12]](#footnote-13) to be incurred/incurred by the applicant in respect of its operations in Singapore (which includes the service fee to be paid by the applicant to the outsourced entity[[13]](#footnote-14), if applicable). S$0 S$1 to S$20,000  S$20,001 to S$50,000 S$50,001 to S$100,000S$100,001 to S$200,000 Above S$200,000 | NoYes  |

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| **Section G: Joint Application made by Relevant Entities** *(please tick the appropriate box)* |
| In the basis period in which the sale or disposal occurs:**G1.** All the conditions[[14]](#footnote-15) for joint application are met.**G2.** Number of Relevant Entities that are pure equity-holding entities: \_\_\_\_\_(please complete Annex 1 to ESR Form)**G3.** Number of Relevant Entities that are not pure equity-holding entities: \_\_\_\_\_\_(please complete Annex 2 to ESR Form)**G4.** The duly completed Annex 1 and/or 2 to ESR Form is submitted together with this ESR Form.**G5.** The Relevant Entities’ operations (i.e., core income generating activities)8 will be/has been managed and performed in Singapore.**G6.** Details of the outsourced entity:1. Full Name:
2. Tax Ref. No.: |\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|
3. The Relevant Entities and the outsourced entity are related parties as defined under section 2 of the ITA9:
4. All the Relevant Entities will exercise/have exercised adequate monitoring10 and control of the outsourced activities carried out by the outsourced entity on their behalf.
5. The outsourced entity will/has set aside dedicated resources (e.g. manhours) to provide the outsourced services.
6. The outsourced entity will charge/charges an arms-length fee to provide the outsourced services.
 | NoYes  |

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| **Section H: Joint Applications made by the holding entity and its SPVs** *(please tick the appropriate box)* |
| In the basis period in which the sale or disposal occurs:**H1.** Details of the holding entity:(a) Full Name: (b) Tax Ref. No.: |\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|\_\_\_|**H2**. The holding entity:(a) has effective control[[15]](#footnote-16) over the SPV(s)(b) derives economic benefits from the activities carried out by the SPV(s)(c) defines the core investment strategies that the SPV(s) implements**H3**. The duly completed Annex 3 to ESR Form is submitted together with this ESR Form.**H4**. The holding entity is a pure equity-holding entity? (If yes, please complete Section E. Otherwise, please complete Section F. The holding entity will be the “applicant” for the purpose of Sections E and F) |  NoYes  |

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| **Section I: Declaration of information furnished**  |
| I/We declare that the details contained in this application, the ruling request and any other information given by me/us and/or my/our agent in connection with this ruling request are true and complete. (\* Please attach separate sheet if there are more than 2 applicants/joint applicants.)Name of Entity as Applicant    Full name of person making the declaration Designation   Signature16 Date  Name of Entity as Joint Applicant    Full name of person making the declaration Designation   Signature16 Date   |

16 Digital signatures with embedded codes will not be accepted.

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| IMPORTANT NOTES TO APPLICATION FOR ADVANCE RULING - ADEQUACY OF ECONOMIC SUBSTANCE UNDER SECTION 10L OF THE ITA  |
| 1. A group is a relevant group if —
2. the entities of the group are not all incorporated, registered or established in Singapore; or
3. any entity of the group has a place of business outside Singapore.
4. Holding entity refers to either:
5. immediate holding entity;
6. intermediate holding entity (if the immediate holding entity is also an SPV); or
7. ultimate holding entity (if the immediate holding entity and intermediate holding entity(ies), if any, are SPV(s))
8. A SPV is typically formed to ring-fence the risks of investments and does not have headcount or significant expenditure residing within the SPV.
9. The proposed sale or disposal of foreign asset must be expected to take place within one year from the date of ruling application.
10. “Foreign asset” refers to movable or immovable property (excluding intellectual property rights) situated outside Singapore. You may refer to section 10L(15) of the ITA for details on determining where property is situated.
11. A pure equity-holding entity is an entity:
12. whose function is to hold shares or equity interests in any other entity; and
13. has no income other than —
	1. dividends or similar payments from the shares or equity interests;
	2. gains on the sale or disposal of the shares or equity interests; or
	3. income incidental to its activities of holding shares or equity interests.
14. A pure equity-holding entity submits to a public authority any return, statement or account required under the written law under which it is incorporated or registered, being a return, statement or account which it is required by that law to submit to that authority on a regular basis.
15. The economic substance requirement will be determined based on an analysis of the entity’s core income generating activities in Singapore. You may refer to Annex B of IRAS e-Tax Guide on Income Tax: Tax Treatment of Gains or Losses from the Sale of Foreign Assets for guidance on the core income generating activities in relation to the economic substance requirement for each sector.
16. “Related party”, in relation to a person (*A*), means any person -
17. who directly or indirectly controls *A*;
18. who is being controlled directly or indirectly by *A*; or
19. who, together with *A*, is directly or indirectly under the control of a common person.

The monitoring mechanism should be documented in an outsourcing agreement or internal policies of the outsourcing entity. The documents could include relevant email correspondences.A pure equity-holding entity will be considered as meeting the “adequate premises” criterion if: it has an office in Singapore for the use of its employee(s) (including rented premises or co-working office spaces); it shares a premise with an associated entity for the use of its employee(s); or the outsourced service provider performing the pure equity-holding entity’s core income generating activity has an office in Singapore.A pure registered address (e.g., address of the corporate secretary) that is not used by the pure equity-holding entity’s employees or outsourced service provider to perform the pure equity-holding entity’s core income generating activity will not meet the “adequate premises” criterion.Examples of business expenditure include rental expense, staff-related expenses like salaries, statutory expenses and service fee to be paid to the outsourced entity (if applicable). Business expenditure does not include expenditure such as taxes, penalties, depreciation or interest expenses. Generally, the outsourced entity is expected to charge the outsourcing entity an arms-length fee for the activities performed, subject to transfer pricing rules where applicable. The conditions for joint application are as follows:1. the operations of the applicant and other Relevant Entities are outsourced to one outsourced entity under a single service agreement; and
2. a copy of the service agreement is submitted together with this Form.

15. Financial Reporting Standard (“FRS”) 110 (Consolidated financial statements) establishes control as the basis for determining who has to present and which entities are consolidated. For the purposes of determining control for the purposes of section 10L of the ITA, we will rely on FRS 110. |

1. Please see Note 1 for the meaning of “relevant group.” Please also see Note 14 for the relevant conditions to be met for this joint application. [↑](#footnote-ref-2)
2. Please see Note 2 for the meaning of “holding entity”. [↑](#footnote-ref-3)
3. Please see Note 3 for further details on SPVs. [↑](#footnote-ref-4)
4. Please see Note 4 for further details on the proposed date of sale or disposal. [↑](#footnote-ref-5)
5. Please see Note 5 for further details on “foreign assets”. [↑](#footnote-ref-6)
6. Please see Note 6 for the meaning of “pure equity-holding entity”. [↑](#footnote-ref-7)
7. Please see Note 7 for the filing requirements. [↑](#footnote-ref-8)
8. Please see Note 8 for further details on “core income generating activities”. [↑](#footnote-ref-9)
9. See Note 9 for definition of “related party”. [↑](#footnote-ref-10)
10. Please see Note 10 for the documentation requirement. [↑](#footnote-ref-11)
11. Please see Note 11 for further details of the “adequate premises” criterion. [↑](#footnote-ref-12)
12. Please see Note 12 for examples of business expenditure. [↑](#footnote-ref-13)
13. Please see Note 13 for further details of the service fee to be paid to the outsourced entity. [↑](#footnote-ref-14)
14. Please refer to Note 14 for the conditions to be met. [↑](#footnote-ref-15)
15. Please see Note 15 for the meaning of “effective control.” [↑](#footnote-ref-16)