

Singapore Budget 2026

2026 Budget Statement delivered on 12 February 2026

Prime Minister and Minister for Finance, Mr Lawrence Wong, delivered Singapore's FY2026 Budget Statement on 12 February 2026 in Parliament.

Click [here](#) for details.

Tax News

Tax updates for the period 11 December 2025 to 26 January 2026.

Singapore Updates

PwC-SBF Joint Recommendations for Budget 2026

PwC and the Singapore Business Federation (SBF) unveiled their recommendations for the Singapore Budget 2026 at a media conference on 12 January 2026, addressing the city-state's challenges across five key areas:

1. Ease resource constraints
2. Break growth bottlenecks
3. Strengthen hub status
4. Capture new flows
5. Build an inclusive Singapore

Click [here](#) for details.

Registration for Multinational Enterprise Top-up Tax and Domestic Top-up Tax

On 31 December 2025, the Inland Revenue Authority of Singapore (IRAS) published guidance on the online registration process for Multinational Enterprise Top-up Tax (MTT) and Domestic Top-up Tax (DTT). The 'Form for Registration of MNE Group under the Multinational Enterprise (Minimum Tax) Act 2024' has also been issued, although online submission will only be accepted beginning in May 2026, with the exact date to be communicated soon.

[Click here](#) for details.

In addition, on 7 January 2026, the IRAS issued the second edition of its Pillar Two e-Tax Guide. Among the notable changes are:

- There will be extended record-keeping periods of up to 10 years to cater to certain look-back provisions under the legislation (e.g. recapturing deferred tax liabilities). This potentially increases the compliance burden for affected MNE groups.
- The 'annual revenue' is clarified to refer to the consolidated group revenue in the UPE's consolidated financial statements. Different revenue line items should be aggregated. Appropriate adjustments should be made for items such as cost of sales and other operating expenses, net investment gains, and extraordinary or non-recurring income/gains which may be included within revenue.

For consistency in determining whether the relevant Euro-denominated thresholds are met, MNE groups with non-December year ends whose UPE presentation currency is not in Euro should apply the average exchange rate for the month of December of the previous financial year when converting amounts into Euros.

[Click here](#) for details.

The IRAS also revised its e-Tax Guide on the tax exemption for foreign income to clarify the treatment of Pillar Two taxes when assessing whether the relevant qualifying conditions for tax exemption are met.

[Click here](#) for details.

Tax cases

UZF and another v The Comptroller of Income Tax [2025] SGITBR 4

In the case of *UZF and another v The Comptroller of Income Tax* [2025] SGITBR 4, the Income Tax Board of Review decided that payments received by the taxpayers pursuant to a sale and purchase agreement are not employment income, but capital receipts which are not taxable.

The taxpayers were key employees of a Singapore company. Pursuant to the sale of shares in the holding company, the taxpayers were required to provide certain warranties and undertakings to the buyer for which they received a series of payments, the calculation of which included amounts that were payable subject to the future performance of the Singapore company. They also entered into new employment agreements with the Singapore company. The Comptroller of Income Tax assessed the receipts to tax on the basis that they are linked to the taxpayers' employment with the Singapore company. The Board however found that the receipts were for the warranties and undertakings given by the taxpayers in their capacity as 'quasi-owners' of the Singapore company. The Board held in favour of the taxpayers ruling that the payments were capital in nature.

GIV v Comptroller of Income Tax [2024] SGITBR 3

The Income Tax Board of Review's decision in *GIV v Comptroller of Income Tax* [2024] SGITBR 3 was published on 23 January 2026. The Board held that airport runways, taxiways and aprons were not 'plant' which should qualify for capital allowances under section 19A of the Income Tax Act (Cap 134, 2008 Rev Ed). The Board's finding was subsequently upheld by the General and Appellate Divisions of the High Court in *Changi Airport Group (Singapore) Pte Ltd v Comptroller of Income Tax* [2024] SGHC 281 and *Changi Airport Group (Singapore) Pte Ltd v Comptroller of Income Tax* [2025] SGHC(A) 20, respectively. The Board also ruled that bollards, windows, façade and cable catcher that are part of a bomb blast system are likewise not 'plant'. These assets were not included in subsequent appeals to the High Court.

International tax news

Hong Kong

Hong Kong releases consultation paper on CARF and CRS 2.0

The Organisation for Economic Co-operation and Development (OECD), through the promulgation of the amended Common Reporting Standard, commonly referred to as CRS 2.0, and the Crypto-Asset Reporting Framework (CARF), has established global standards aimed at enhancing tax transparency and combating evasion in respect of crypto-assets through automatic exchange of information (AEOI). CRS 2.0 expands reporting data points to address emerging risks, while CARF focuses on crypto-asset transactions, closing transparency gaps in the digital asset space.

[Click here](#) for details.

India

Legal advisory services provided by a Singapore-based entity to clients in India do not give rise to a service PE or a virtual service PE in India under the India–Singapore DTAA

The Delhi High Court, in a recent judgement, held that the taxpayer, a Singapore-based legal advisory firm, did not have a service permanent establishment (PE) or a virtual service PE in India under Article 5(6)(a) of the India-Singapore Double Taxation Avoidance Agreement (DTAA) for financial years 2019–20 and 2020–21. The court affirmed that only days of actual service rendered in India by employees physically present in India are to be counted towards the 90-day threshold towards a service PE. Furthermore, the court rejected the Revenue's argument that services rendered remotely (virtually) from outside India could create a virtual service PE in the absence of a physical presence. The court held that the DTAA does not envisage or recognise the concept of a virtual service PE.

[Click here](#) for details.

Mere possession of a Tax Residency Certificate is not sufficient to claim relief under India-Mauritius DTAA – Supreme Court

The Supreme Court has held that the Authority for Advance Ruling was correct in rejecting the application for advance ruling in the case as the matter relates to a transaction which was designed, *prima facie*, for the avoidance of income-tax.

[Click here](#) for details.

Indonesia

Implementation guidelines for determining domestic and foreign tax subjects

On 9 December 2025, the Directorate General of Taxes (DGT) issued DGT Regulation No. PER-23 regarding the Determination of Domestic and Foreign Tax Subjects. PER-23 revokes PER-02 regarding Income Tax Treatment for Indonesian Workers Abroad and PER-433 on similar matters.

[Click here](#) for details.

An update on the implementation of the Indonesian Tax Treaty

On 31 December 2025, the Minister of Finance (MoF) issued PMK-112 to update the procedures for implementing the Indonesian Tax Treaty.

[Click here](#) for details.

Japan

Overview of 2026 Tax Reform proposals

On December 19, 2025, the Japanese government released the 2026 Tax Reform Proposals (the '2026 Tax Reform Proposals'). This newsletter will provide a summary of the major components.

[Click here](#) for details.

2026 Japan Tax Reform Proposals: Financial Services industry and Real Estate market

On December 19, 2025, the Japanese government released their 2026 Tax Reform Proposals ('2026 Tax Reform Proposals'), commonly known as Taiko. Draft legislation implementing these proposals will be presented to the Japanese parliament (Diet) in early 2026. This Newsletter provides a brief and immediate summary highlighting significant developments of interest to Japan's financial services industry and real estate market.

[Click here](#) for details.

Korea

Government's Bill to Amend Presidential Decrees of Tax Laws

The Ministry of Economy and Finance (MOEF) has announced a government bill proposing amendments to the Presidential Decrees of tax laws (the 'Bill'). This follows the amendment of tax laws at the end of December 2025. The Bill, announced on January 16, 2026, seeks public comments until February 5, 2026. The final version of the Bill will be proclaimed at the end of February 2026 after being finalised in a cabinet meeting. If approved, most of the proposed amendments will take effect from the date the amended rules are proclaimed or from the fiscal year in which the effective date falls, unless otherwise specified.

[Click here](#) for details.

Thailand

New transitional rates introduced for substance-based income exclusion under the Top-up Tax Decree, aligning Thailand's Pillar Two Rules with the OECD Model Rules

On 18 November 2025, the Ministry of Finance issued notification no. 1 under the Emergency Decree on Top-up Tax, B.E. 2567 (2024) (Top-Up Tax Decree). This notification sets the percentage rates for substance-based income exclusion used in calculating top-up tax, ensuring Thailand's Pillar Two rules align with the OECD/G20 Pillar Two GloBE Model Rules. This notification applies to fiscal years starting on or after 1 January 2025.

[Click here](#) for details.

United States

President Trump imposes Section 232 tariffs on semiconductors

President Trump on January 14 issued a proclamation under Section 232 of the Trade Expansion Act of 1962 as amended, 19 U.S.C. 1862 (Section 232) concluding that imports of semiconductors, semiconductor manufacturing equipment, and their derivative products threatened to impair US national security. The proclamation adopts a two-phase approach, immediately imposing targeted trade measures while directing the Administration to pursue negotiations with foreign jurisdictions. As a result, effective January 15, 2026, the proclamation calls for the imposition of a 25% ad valorem tariff on a narrowly defined category of advanced computing chips and certain derivative products described in the accompanying Annex. The action follows a completed Department of Commerce Section 232 investigation and is supported by a White House fact sheet outlining the Administration's objectives.

[Click here](#) for details.

Vietnam

New rules issued on the Law on Corporate Income Tax 2025

The Government has just issued a new decree guiding the 2025 Law on Corporate Income Tax. The new decree takes effect from its signing date (i.e. 15 December 2025) and applies for the tax year 2025 onwards.

[Click here](#) for details.

New Personal Income Tax Law

The National Assembly approved a new Personal Income Tax Law on 10 December. This new law makes significant changes to the Vietnam PIT regime, including changes to tax brackets, tax rates, and various deductions.

[Click here](#) for details.

OECD

OECD announced agreement on a range of new Pillar Two safe harbours

On 5 January 2026, the OECD announced that 147 members of the Inclusive Framework (IF) on BEPS have agreed to a new package of administrative guidance under the Pillar Two global minimum tax rules (the 'GloBE rules'). The agreed 'Side-by-Side Package' (the Package) includes: a permanent simplified Effective Tax Rate (ETR) safe harbour; a one-year extension of the transitional Country-by-Country reporting (CbCR) safe harbour; a substance-based tax incentive safe harbour; a Side-by-Side (SbS) safe harbour and an Ultimate Parent Entity (UPE) safe harbour for eligible countries, and a commitment to conduct future stocktakes of the SbS and UPE safe harbours.

[Click here](#) for details.

OECD publishes Pillar Two Side-by-Side System

The SbS System introduces two new Pillar Two safe harbours: (i) the Side-by-Side safe harbour (SbS SH) for MNE Groups headquartered in jurisdictions with both eligible domestic and worldwide tax systems; and (ii) the Ultimate Parent Entity Safe Harbour (UPE SH) for MNE Groups with a UPE located in a jurisdiction that has an eligible domestic tax system but not an eligible worldwide tax system.

The Central Record for purposes of the Global Minimum Tax was updated on 5 January 2026 to reflect that the United States is an eligible jurisdiction for the SbS SH. Additional jurisdictions may be added to the Central Record in the future.

[Click here](#) for details.

Substance-based tax incentive safe harbour for Pillar Two Groups

The Package includes a substance-based tax incentive safe harbour (SBTI SH). The favourable treatment of Qualifying Tax Incentives (QTIs) applies for fiscal years starting on or after 1 January 2026.

[Click here](#) for details.

Pillar Two Simplified ETR safe harbour

The Simplified ETR Safe Harbour is intended to provide MNE groups with a more practical way to demonstrate that no Top-Up Tax is due in a jurisdiction. The measure is designed to reduce compliance and administrative burdens by allowing MNEs to use financial accounting data and simplified computations rather than the full GloBE Rules.

[Click here](#) for details.

United Nations

Intergovernmental negotiations for United Nations Framework Convention on International Tax Cooperation

The United Nations General Assembly has established an Intergovernmental Negotiating Committee (INC) to draft a United Nations Framework Convention on International Tax Cooperation and two early protocols.

The United Nations Framework Convention on International Tax Cooperation is a proposed international legal instrument aimed at improving global tax cooperation.

This Member State-led process will run from 2025 to 2027, with the aim of developing a framework convention that leads to fully inclusive and more effective international tax cooperation.

Member States' comments, including Singapore's are available on this website.

[Click here](#) for details.

Other resources

International Tax News – December 2025

International Tax News is designed to help multinational organisations keep up with the constant flow of tax developments. Among the topics featured in this month's edition are:

- Kazakhstan's new tax code will enter into force
- Amendments to Singapore tax legislation enacted
- Second evaluation of the EU Directive on Administrative Cooperation in Taxation
- US Treasury guidance on OBBBA international tax items

[Click here](#) for details.

Transfer Pricing Q4 Briefing

PwC's quarterly transfer pricing briefing helps multinational organisations keep up with the continuous flow of relevant tax and transfer pricing developments. Below is a summary of Tax Insights and News Alerts published by individual members of the PwC network, covering October through December 2025.

Among the topics featured in this edition are:

- Significant changes proposed to Canada's transfer pricing rules
- Japan's 2026 Tax Reform proposals
- Singapore issues the eighth edition of its Transfer Pricing Guidelines
- Kenya releases draft Advance Pricing Agreement regulations

[Click here](#) for details.

Asia Pacific tax insights application

PwC has developed a one-stop tool that has comprehensive coverage of tax, business insights and investment locations across the Asia Pacific region.

[Click here](#) to download the free app and be part of PwC's digital journey.

Tax policy bulletin

Drawing on our experience of tax policy issues and insight from relationships with organisations such as the OECD, we have put together a series of Tax policy bulletins. With analysis and insight on policy changes around the world, these bulletins are designed to help you stay up-to-date with the latest developments and explain what these changes mean for you and your business.

[Click here](#) for details.

Understanding Base Erosion and Profit Shifting (BEPS)—a two-pillar solution

Understanding BEPS—a two-pillar solution reveals the latest tax developments evolving around a two-pillar solution and the key building blocks that are foundational to building up your readiness.

[Click here](#) for details.

Let's talk

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