



PRESS RELEASE

For immediate use

AmCham Singapore Members Cautious of Recently Announced G7 Global Tax Reform

Top concerns include increase in corporate tax rate and denying deductions to foreign corporations

Friday, June 18, 2021 - The American Chamber of Commerce in Singapore (AmCham Singapore) jointly conducted a pulse survey with PwC Singapore from May 24 to June 4 on the impact of the Biden Administration's proposed tax reforms on U.S. multinationals operating in Singapore.

The survey found that tax reform proposals involving the U.S. are priority issues for businesses operating out of Singapore. The implications of U.S. tax reform are now magnified by a landmark agreement reached at the recent G7 Summit to set a minimum tax for multinational companies. The G7 leaders jointly issued a communiqué that calls for an equitable solution on the allocation of taxing rights and a global minimum tax of at least 15 per cent on a country-by-country basis, through the G20/OECD inclusive framework.

With over 70 responses from senior business leaders, AmCham notes the following key findings:

- A majority of respondents are closely evaluating the Biden Administration's proposals, with 51% of respondents unsure how the proposals may affect their organization and 22% of respondents modelling the potential effects but not yet considering restructuring.
- Top concerns of respondents are the proposals to increase in the corporate tax rate (20%), deny deductions to foreign corporations based in low tax jurisdictions (14%) and issues related to the global intangible low-taxed income (GILTI) tax rate and qualified business asset investment (QBAI) (14%).
- Availability of a skilled workforce (19%), stable political environment and efficient public service (17%), sound business infrastructure and legal system (16%), and grants and non-tax incentives (14%) are all key areas to ensuring Singapore remains a competitive FDI location.

Commenting broadly on the key findings, Chris Woo, Tax Leader, PwC Singapore says, "It is not surprising that business leaders polled are concerned about the US tax reform proposals. However, it is heartening that 92% of survey respondents expect to continue operating in Singapore even though tax reforms may increase the cost of doing business. What is concerning is that about a fifth of those companies would not consider making further investments here, and 8% of respondents expect to exit Singapore.

Singapore's fundamentals such as economic and political stability, clear and transparent regulations and governance, robust infrastructure and educated talent pool are all key factors that add to our attractiveness as a place to do business. This is why continued investment in infrastructure, productivity and workforce upskilling, and creating a relevant Singapore ecosystem that is well connected to the region and the globe together with sustainability in mind will become even more crucial to maintaining Singapore's competitiveness in the medium to long term."



Dr. Hsien-Hsien Lei, Chief Executive of AmCham Singapore says, “The G7 Global tax reform proposal is of key interest to the Chamber and to many of our members, especially those whose regional research & development facilities as well as administrative and financial operations are headquartered in Singapore. We look forward to bringing together the business community and the U.S. government for meaningful discussions as more details become available. AmCham Singapore will continue to monitor the impact of the G7 Global Tax Reform on our member companies -- providing support in advocacy, business insights and connections.”

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About AmCham Singapore

Established in 1973, the American Chamber of Commerce in Singapore (AmCham Singapore) is the largest and the most active international business association in Singapore and Southeast Asia, with over 5,000 members representing nearly 550 companies.

Our Chamber comprises 14 industry-specific committees: seven sectoral and seven functional. AmCham is a forward-thinking, business-progressive association. Our mission is to create value for our members by providing advocacy, business insights, and connections. Our membership includes American companies and Singaporean and third-country companies with significant U.S. business interests.

AmCham is an independent, non-partisan business organization. Our goal is to provide the information and facilitate the access and connections that give members insight into the local, regional, and global operating environment, enhance their four professional capabilities, and enable them to make well-informed business decisions.

For more information about AmCham Singapore, visit www.amcham.com.sg

About PwC

At PwC, our purpose is to build trust in society and solve important problems. PwC is a network of firms in 155 countries with more than 284,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.



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