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INCOME TAX ACT 1947

INCOME TAX (SINGAPORE — VIETNAM) (AVOIDANCE OF DOUBLE TAXATION AGREEMENT) (MODIFICATIONS TO IMPLEMENT MULTILATERAL INSTRUMENT) ORDER 2023

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation and commencement
 2. Purpose
 3. Amendment of Agreement
 4. Entry into effect
- The Schedule
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In exercise of the powers conferred by section 49(7) of the Income Tax Act 1947, the Minister for Finance makes the following Order:

Citation and commencement

1. This Order is the Income Tax (Singapore — Vietnam) (Avoidance of Double Taxation Agreement) (Modifications to Implement Multilateral Instrument) Order 2023 and comes into operation on 1 September 2023.

Purpose

2.—(1) This Order amends the arrangements made between the Government of the Republic of Singapore and the Government of the Socialist Republic of Vietnam as specified in the Schedule to the Income Tax (Singapore — Vietnam) (Avoidance of Double Taxation Agreement) Order 1994 (O 31A) (called in this Order the Agreement), as modified by the Protocol specified in the Schedule to the Income Tax (Singapore — Vietnam) (Avoidance of Double Taxation Agreement) Order 2013 (G.N. No. S 9/2013).

(2) The purpose of this Order is to amend the Agreement to give effect to Singapore's obligations under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting done at Paris on 24 November 2016 (as amended from time to time).

Amendment of Agreement

3. The provisions of the Agreement are amended in the manner set out in the Schedule.

Entry into effect

4. The amendments mentioned in paragraph 3 have effect —
- (a) with respect to taxes withheld at source — in respect of amounts paid, deemed paid or liable to be paid (whichever is the earliest), on or after 1 January 2024; and
 - (b) with respect to taxes other than those withheld at source — where the income is derived or received in a basis period beginning on or after 1 March 2024.

THE SCHEDULE

Paragraph 3

Replacement of Preamble

1. In the Agreement, replace the Preamble with —

“The Government of the Republic of Singapore and the Government of the Socialist Republic of Vietnam,

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions),

Have agreed as follows:”.

THE SCHEDULE — *continued*

Amendment of Article 26

2. In the Agreement, in Article 26 (Mutual Agreement Procedure) —
- (a) in paragraph 2, at the end, insert “Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting Jurisdictions.”; and
 - (b) replace paragraph 3 with —
 - “3. The competent authorities of the Contracting Jurisdictions shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.”.

New Article 28A

3. In the Agreement, after Article 28 (Diplomatic Agents and Consular Officers), insert —

“ARTICLE 28A

PREVENTION OF TREATY ABUSE

Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.”.

Made on 15 August 2023.

LAI WEI LIN
*Second Permanent Secretary,
Ministry of Finance,
Singapore.*

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