

# Ruling on withholding tax

**Client:**

Non-for profit organisation

**Sector:**

Performing arts

**Client challenge:**

Uncertainty on whether Singapore withholding tax applies to payments to non-resident entertainer

**Grant Thornton services:**

Assistance to obtain a tax ruling (that has the effect of law) from the Inland Revenue Authority of Singapore ("IRAS")



Client was given conflicting advice from tax advisors and the Inland Revenue Authority of Singapore ("IRAS") on the applicability of withholding tax on its payments made to non-resident entertainment companies. Grant Thornton managed to obtain a favourable ruling for client on an much unattested section of the Income Tax Act.

**Do you have similar challenges?  
Contact the lead partner:**

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**Client challenge:-**

Under the Income Tax Act, the applicability of withholding tax on payments made to non-resident entertainment companies is rather ambiguous. The client obtained conflicting advice from various advisors.

They badly wanted certainty as the onus of withholding taxes is on them and any withholding tax costs are typically borne by them.

**The Grant Thornton solution**

Grant Thornton had extensive discussions with the client, to understand the nature of various payments made under their contracts, perusing their contractual terms in great detail. Finally, Grant Thornton presented a detailed technical analysis supported by an

interpretation of the law and provided various options available to them to obtain certainty on their obligations on withholding tax. Eventually, an application was made to the Inland Revenue Authority of Singapore to apply for a tax ruling to confirm that Singapore withholding tax did not apply to the payment in question for one of its contract.

**The outcome**

After submitting the ruling followed by several rounds of queries from the IRAS, the IRAS conceded that Singapore withholding tax did not apply to the payments made by our client and proceeded to issue a tax ruling (that has the effect of law) to the client. This resulted in significant withholding tax cost savings for client.