

## New Tax Treaty between New Zealand and Singapore

A new tax treaty between New Zealand and Singapore came into force on August 12, 2010.

The treaty replaces the 1973 treaty between the two countries and updates it in line with OECD guidelines and other treaties. For New Zealand, the treaty will apply to withholding taxes as from October 1, 2010, and generally from the income year beginning April 1, 2011 for all other taxes. For Singapore, the provisions of the treaty will apply in respect of tax chargeable for any year of assessment beginning on or after January 1, 2012.

A key feature of the new treaty is the reduction in withholding tax rates on dividends, interest and royalties, as follows:

	Old	New
Dividends	15%	5% if the beneficial owner is a company that holds at least 10% of the voting power in the dividend payer, and 15% in all other cases
Interest	15%	10%
Royalties	15%	5%

The industrial or commercial profits article has been substantially updated, and the definition of industrial or commercial profits, which previously excluded certain types of income, has been removed. Income previously excluded from the definition and not covered by the treaty will in most cases now be covered.