

Tax alert

Issue 13 | December 2025

Pilot Introduction of Amount B (Simplified and Streamlined Approach) in Singapore

Overview of Amount B / SSA

TPG8 introduces the Simplified and Streamlined Approach (SSA) to apply the arm's-length principle for qualifying baseline marketing and distribution activities. The SSA is Singapore's pilot implementation of Amount B under Pillar One of the OECD's Inclusive Framework on BEPS 2.0. The adoption of the SSA is optional for taxpayers.

Trading and distribution transactions often draw heightened scrutiny from tax authorities and account for a significant portion of transfer pricing disputes, particularly in low-capacity jurisdictions. The Amount B/ SSA initiative aims to deliver greater certainty for these common and high-volume related-party transactions.

The SSA adopts an internationally agreed pricing methodology to enhance tax certainty and reduce compliance burden. Taxpayers using the SSA no longer need to perform detailed transfer pricing analyses, particularly benchmarking analyses, for each related-party transaction arising from its marketing and distribution activities. Similar to IRAS' adoption of the OECD's low value-adding intragroup services (i.e., routine support services), SSA offers a tax-certain and administratively efficient alternative.

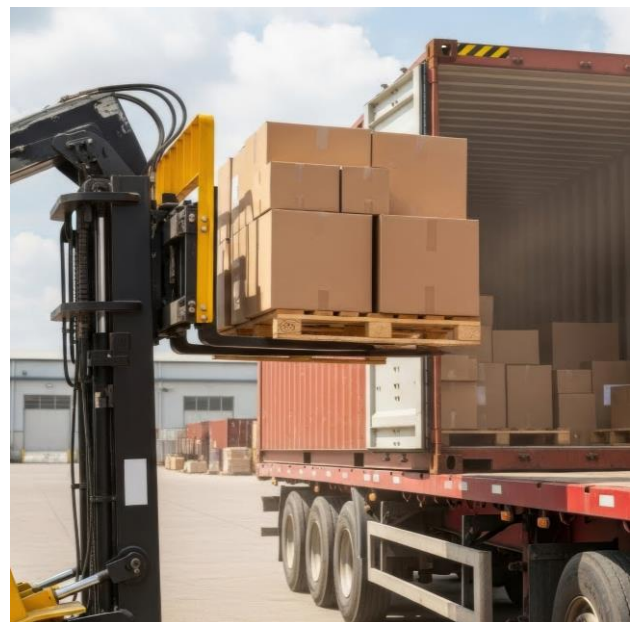
The SSA will run as a three-year pilot from 1 January 2026 to 31 December 2028, after which IRAS will review its continuation.

Step by Step Application

TPG8 gives detailed guidance on the qualifying conditions to apply the SSA on related-party transactions. A qualifying transaction covers the purchase of goods from a related party by a distributor for wholesale distribution to unrelated parties. The criteria excludes the distribution of non-tangible goods, services, and commodities (e.g., raw materials).

Once a transaction is confirmed in scope, its application follows a two-step approach:

- 1. Identify Return On Sales (ROS)** - Identify the ROS from a prescribed pricing matrix, corresponding to the tested party's industry grouping, net operating asset intensity, and operating expense intensity.
- 2. Perform the operating expense cross-check** - Check if the return on operating expense falls within the TPG8's pre-defined cap and collar, and make adjustments as required.



Documentation Requirements

Taxpayers should prepare the following information to support their SSA application, which may also form part of the TP documentation:

- a) **Explanation of the qualifying transaction** – including a functional analysis of the parties and the context (e.g., whether other commercial or financial relationships exist that affect the transaction).
- b) **Written contracts or agreements** – governing the qualifying transaction and supporting the explanation under (a).
- c) **Supporting calculations** – showing how relevant revenues, operating expenses, and operating assets are allocated to the qualifying transaction.
- d) **Financial data and allocation schedules** – demonstrating how the information used to confirm SSA conditions and apply the SSA reconciles with the annual financial statements.

Singapore Specific Considerations

- **Counterparty tax risk:** The adoption of SSA is unilateral on the part of Singapore. Where the SSA is used by eligible taxpayers and accepted by Singapore, counterparty jurisdictions may not necessarily take the same position. As Singapore entities are generally expected to be the tested party under the SSA, no benchmarking is required for Singapore. However, the counterparty jurisdiction may still require a benchmarking analysis to be undertaken to substantiate the returns of the Singapore entity. Where there are differing views from foreign tax authorities, supplementary analysis to test the returns of the Singapore entity, that applied the SSA, would continue to be required. A cross-jurisdictional assessment may be required to develop a robust compliance strategy.
- **TPD requirements remain applicable:** Taxpayers applying the SSA must still prepare Singapore TPD. The economic analysis may be streamlined under the SSA, and no standalone benchmarking is required, but all other TPD elements continue to apply.
- **Pilot period (YA2026–YA2028):** The SSA will operate as a pilot from YA 2026 to YA 2028, during which IRAS will gather industry feedback before determining whether the regime will continue thereafter.



Additional Considerations

Multifunctional entities (e.g., manufacturer-distributors) can apply the SSA only if non-distribution activities are reliably segmented and excluded within their financials. This requires separating operating assets and expenses in the balance sheet and income statement for distribution versus non-distribution activities. For example, PPE-type assets on a balance sheet are generally easier to segment than assets such as cash, which may not specifically relate to a certain business segment.

Given that segmentation of the balance sheet is typically only required for certain transfer pricing analyses (e.g., analyses that test return on assets), for distributors, this may be an exercise that would need to be carried out solely for the purposes of applying the SSA. The costs and complications arising from this would need to be balanced against the benefits from applying the SSA.

Updated Representation of Other Countries

Within the region, Singapore appears to be the first jurisdiction to formally implement the SSA. Other major economies such as Japan, Korea, New Zealand, Australia and India have indicated that they will not adopt the SSA at this stage. Meanwhile, jurisdictions such as China, Malaysia and Thailand remain undecided.

This divergence highlights the lack of a coordinated regional approach and suggests that taxpayers operating cross-border may face varying levels of alignment and potential counterparty tax risk as different jurisdictions take different stances toward SSA.



How can KPMG help you?

KPMG can help you evaluate the implications of implementing the SSA and ensure your TP arrangements remain compliant and robust, including:

- Evaluating your eligibility and the strategic implications of adopting the SSA.
- Evaluating potential counterparty risks, model the implications of SSA adoption and support in developing an appropriate cross-jurisdictional compliance strategy.
- Conducting a technical review of your existing TP framework and comparing it against the SSA parameters.
- Advising on the design of an appropriate data segmentation and operational framework to enable SSA application.
- Enhancing your transfer pricing documentation to reflect SSA-aligned methodologies and compliance requirements.
- Developing analytical models and technology solutions to facilitate SSA implementation and scenario analysis.

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

FAQs

Q: Is the prescribed pricing matrix backed by actual benchmarking studies?

A: Yes, the pricing matrix adopted by the IRAS in TPG8 is based on the OECD TPG's Annex for Amount B. As part of the BEPS 2.0 project, the OECD conducted extensive research and analysis to develop this matrix. The range of ROS in the pricing matrix is designed to reflect and overlap with results typically observed in actual benchmarking studies.

Q: Is it mandatory for taxpayers who engage in marketing and distribution activities to adopt the SSA?

A: No, the SSA is not mandatory and is provided on an elective basis. It is not intended to establish a strict floor or ceiling for returns on distribution transactions but provides a general expectation of appropriate returns. Taxpayers may use it as a safety check to assess the alignment of their current transfer pricing policies.

Q: Will advanced pricing arrangements (APAs or BAPAs) and mutual agreement procedure (MAP) decisions obtained prior to the implementation of SSA continue to be valid?

A: Yes, all BAPAs, APAs, and MAPs obtained prior to the implementation of SSAs continue to be valid.

Q: What if the counterparty's tax authority rejects or does not adopt the SSA/Amount B and this results in double taxation?

A: The taxpayer may request IRAS to resolve the double taxation through a MAP provided under the relevant Double Taxation Agreement (DTA).

Authors

Felicia Chia

Partner
Head of Transfer Pricing
T: +65 6213 2525
E: fchia@kpmg.com.sg

Yong Sing Yuan

Partner
Transfer Pricing
T: +65 6213 2050
E: singyuanyong@kpmg.com.sg

Lee Jingyi

Partner
Transfer Pricing
T: +65 6213 3785
E: jingyilee@kpmg.com.sg

Denis Philippov

Partner
Transfer Pricing
T: +65 6213 2528
E: denisphilippov@kpmg.com.sg

Contact us

Ajay K Sanganeria

Partner
Head of Tax
T: +65 6213 2292
E: asanganeria@kpmg.com.sg

FINANCIAL SERVICES

Corporate Tax

Alan Lau

Partner
T: +65 6213 2027
E: alanlau@kpmg.com.sg

Indirect Tax

Sharon Cheong

Partner
T: +65 6213 2399
E: sharoncheong@kpmg.com.sg

Lum Kah Wai

Partner
T: +65 6213 2690
E: kahwailum@kpmg.com.sg

Transfer Pricing

Felicia Chia

Partner
Head of Financial Services
Head of Transfer Pricing
T: +65 6213 2525
E: fchia@kpmg.com.sg

ENERGY & NATURAL RESOURCES AND TELECOMMUNICATIONS, MEDIA & TECHNOLOGY

Corporate Tax

Gordon Lawson

Partner
Head of Energy & Natural Resources
T: +65 6213 2864
E: glawson1@kpmg.com.sg

Harvey Koenig

Partner
T: +65 6213 7383
E: harveykoenig@kpmg.com.sg

Mark Addy

Partner
T: +65 6508 5502
E: markaddy@kpmg.com.sg

Vishesh Dhuldhoya

Partner
T: +65 6213 2074
E: vdhuldhoya@kpmg.com.sg

Transfer Pricing

Denis Philippov

Partner
T: +65 6213 2866
E: denisphilippov@kpmg.com.sg

Indirect Tax

Elaine Koh

Partner
Head of Indirect Tax
T: +65 6213 2300
E: elainekoh@kpmg.com.sg

INFRASTRUCTURE, GOVERNMENT & HEALTHCARE AND INDUSTRIAL MANUFACTURING

Corporate Tax

Chiu Wu Hong

Partner
Co-Head of IGH & Industrial
Manufacturing
T: +65 6213 2569
E: wchiu@kpmg.com.sg

Pauline Koh

Partner
T: +65 6213 2815
E: paulinekoh@kpmg.com.sg

Chris Roberts

Partner
T: +65 6411 8923
E: christopherroberts@kpmg.com.sg

Leo Yang

Partner
T: +65 6213 3721
E: leoyang5@kpmg.com.sg

Yong Jiahao

Partner
T: +65 6213 3777
E: jiahaoyong@kpmg.com.sg

Contact us

Transfer Pricing

Lee Jingyi

Partner
Co-Head of IGH & Industrial
Manufacturing
T: +65 6213 3785
E: jingyilee@kpmg.com.sg

Yong Sing Yuan

Partner
T: +65 6213 2050
E: singyuanyong@kpmg.com.sg

Indirect Tax

Elaine Koh

Partner
Head of Indirect Tax
T: +65 6213 2300
E: elainekoh@kpmg.com.sg

REAL ESTATE & ASSET MANAGEMENT

Corporate Tax

Teo Wee Hwee

Partner
Co-Head of Real Estate & Asset
Management
T: +65 6213 2166
E: weehweeteo@kpmg.com.sg

Anulekha Samant

Partner
Co-Head of Real Estate & Asset
Management
T: +65 6213 3595
E: asamant@kpmg.com.sg

Agnes Lo

Partner
T: +65 6213 2976
E: agneslo1@kpmg.com.sg

Pearlyn Chew

Partner
T: +65 6213 2282
E: pchew@kpmg.com.sg

Evangeline Hu

Partner
T: +65 6213 2597
E: evangelinehu@kpmg.com.sg

Transfer Pricing

Felicia Chia

Partner
Head of Transfer Pricing
T: +65 6213 2525
E: fchia@kpmg.com.sg

Indirect Tax

Sharon Cheong

Partner
T: +65 6213 2399
E: sharoncheong@kpmg.com.sg

CORPORATE TAX PLANNING & COMPLIANCE

Audrey Wong

Partner
Head of Corporate Tax Planning
& Compliance
T: +65 6213 2010
E: audreywong@kpmg.com.sg

Lim Geok Fong

Principal Advisor
T: +65 8118 1129
E: geokfonglim@kpmg.com.sg

TAX GOVERNANCE

Pauline Koh

Partner
T: +65 6213 2815
E: paulinekoh@kpmg.com.sg

TAX TECHNOLOGY & TRANSFORMATION

Lee Bo Han

Partner
T: +65 6508 5801
E: bohanlee@kpmg.com.sg

TAX REIMAGINED

Abad Dahbache

Partner
T: +65 6213 2034
E: abadullahdahbache@kpmg.com.sg

GLOBAL COMPLIANCE MANAGEMENT SERVICES

Cristina Alvarez-Ossorio

Partner
T: +65 6213 2688
E: cristinaalvarez@kpmg.com.sg

PERSONAL TAX & GLOBAL MOBILITY SERVICES

Murray Sarelius

Partner
Head of Personal Tax &
Global Mobility Services
T: +65 6213 2043
E: murraysarelius1@kpmg.com.sg

Barbara Kinle

Partner
T: +65 6213 2033
E: bkinle@kpmg.com.sg

Eugenia Tay

Partner
T: +65 6213 2039
E: eugeniatay@kpmg.com.sg

Garren Lam

Principal Advisor
T: +65 9728 1502
E: garrenlam@kpmg.com.sg

Contact us

FAMILY OFFICE & PRIVATE CLIENT

Teo Wee Hwee

Partner
Head of Family Office
T: +65 6213 2166
E: weehweeteo@kpmg.com.sg

Pearlyn Chew

Partner
T: +65 6213 2282
E: pchew@kpmg.com.sg

MANAGED SERVICES

Larry Sim

Partner
Head of Managed Services
T: +65 6213 2261
E: larrysim@kpmg.com.sg

PROPERTY TAX & DISPUTE RESOLUTION

See Wei Hwa

Partner
T: +65 6213 3845
E: wsee@kpmg.com.sg

Leung Yew Kwong

Principal Advisor
T: +65 6213 2877
E: yewkwongleung@kpmg.com.sg

R&D AND INCENTIVES ADVISORY

Lee Bo Han

Partner
T: +65 6508 5801
E: bohanlee@kpmg.com.sg

TAX – DEALS, M&A

Julie Garside

Partner
T: +65 6213 2013
E: juliegarside@kpmg.com.sg

Adam Rees

Partner
T: +65 6213 2961
E: adamrees@kpmg.com.sg

BASE EROSION AND PROFIT SHIFTING (BEPS)

Andy Baik

Partner
Co-Head of BEPS COE
T: +65 6213 3050
E: andybaik1@kpmg.com.sg

Harvey Koenig

Partner
Co-Head of BEPS COE
T: +65 6213 7383
E: harveykoenig@kpmg.com.sg

Priscilla Koh

Partner
T: +65 6213 2070
E: priscillakoh@kpmg.com.sg

TRADE AND CUSTOMS

Shafiqah Binte Abdul Samat

Principal Advisor
T: +65 8518 7867
E: shafiqahabdulsamat@kpmg.com.sg

INDIA TAX SERVICES

Lata Daswani

Partner
T: +91 9892 015185
E: latadaswani@kpmg.com

US TAX SERVICES

Andy Baik

Partner
Head of US Tax Desk
T: +65 6213 3050
E: andybaik1@kpmg.com.sg

About our tax alerts

KPMG's tax alerts highlight the latest tax developments, impending change to laws or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time-sensitive, it is advisable to make plans accordingly.

Tax alerts are issued exclusively for the information of clients and staff of KPMG Services Pte. Ltd. and should not be or relied upon as a substitute for detailed advice or a basis for formulating business decisions. Read more of KPMG in Singapore's insights and perspectives [here](#).

KPMG

12 Marina View, #15-01
Asia Square Tower 2
Singapore 018961
T: +65 6213 3388
F: +65 6225 0984
E: tax@kpmg.com.sg

- Singapore Tax Advisory Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2024
- Singapore Tax Disputes Advisory Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2024
- Regional Tax Policy Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2024
- Regional Withholding Tax Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2024
- Regional Diversity & Inclusion Firm of the Year – International Tax Review Asia-Pacific Tax Awards 2024

For more details on our tax services, please click [here](#).



© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

© 2025 KPMG Services Pte. Ltd. (Registration No: 200003956G), a Singapore incorporated company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.