

TAX EXEMPTION FOR INCOME DERIVED BY NON-RESIDENT MEDIATORS FOR MEDIATION SERVICES RENDERED IN SINGAPORE

Background

1. Singapore has been gaining recognition as a leading arbitration hub in Asia, with a reputation for reliability, efficiency and neutrality. As part of efforts to establish Singapore as a leading dispute resolution hub in Asia, we are now looking to grow the international commercial mediation sector.
2. The Singapore International Mediation Centre (“SIMC”) and the Singapore International Mediation Institute (“SIMI”) were launched in November 2014 to develop Singapore’s services and capabilities in international commercial mediation. SIMC provides international commercial mediation services and SIMI is a professional body that sets standards and ensures the quality of mediators.

New Tax Exemption

3. Prior to 1 April 2015, non-resident mediators deriving income for mediation services rendered in Singapore are subject to tax at 15% of the gross income payable to him/her or 20% of his/her net income, i.e. income net of allowable expenses, if he/she so elects.
4. To promote Singapore’s commercial mediation sector, income derived by a qualifying non-resident mediator for mediation services rendered in Singapore from 1 April 2015 to 31 March 2020 will be exempt from tax.
5. The objective of this tax exemption is to encourage international mediators to conduct their mediation cases in Singapore, and to support the use of Singapore’s international commercial mediation services.

Qualifying Criteria

6. This is a broad-based tax exemption on the income derived by a qualifying non-resident individual for mediation services rendered in Singapore, including services rendered in Singapore pursuant to an agreement to mediate specifying Singapore as the venue for the mediation (i.e. the mediation case was undertaken in Singapore or was originally planned to be undertaken in Singapore, and pre-mediation services were rendered, but the case settled before the mediation session took place).
7. A qualifying non-resident individual has to be either a (a) certified mediator; or (b) mediator conducting a mediation administered by a designated mediation service provider.
8. For the purpose of this tax exemption:

- a. A “certified mediator” means a mediator who is certified under an approved certification scheme.
 - b. An “approved certification scheme” means an approved accreditation or certification process run by a mediation institution.
9. The designated mediation service provider will be the SIMC and the approved certification scheme will be the SIMI Credentialing Scheme (SIMI Certified Mediator), conducted by the SIMI.

Qualifying Period

10. This tax exemption is applicable to non-resident mediators who meet the qualifying criteria for mediation services rendered in Singapore from 1 April 2015 to 31 March 2020.

Ministry of Law
29 April 2016