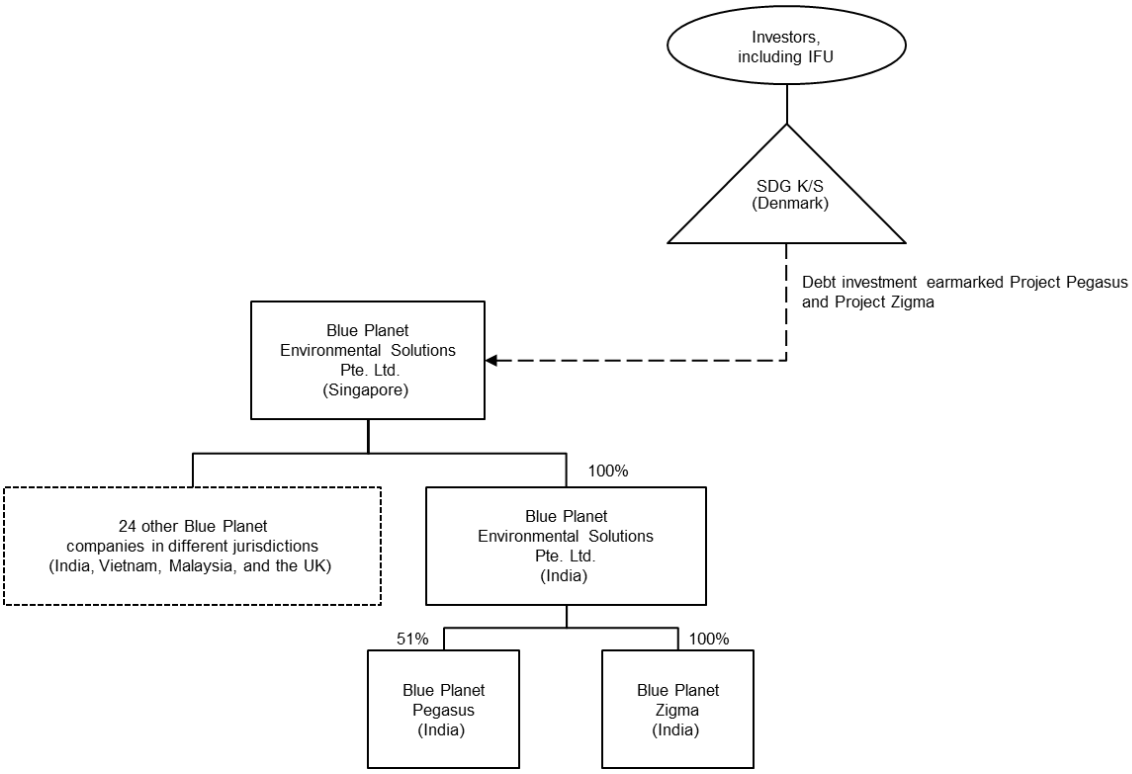
TAX ROOM

Analytical Thinking Clear Answers

Tax policy compliance statement for Blue Planet, Singapore

1. Contemplated investment structure



Danish SDG I Fund K/S (SDG) will be providing finance for two Indian waste management projects (Project Pegasus and Project Zigma) in the form of a debt investment into a Singapore investment holding company being the parent company for Blue Planet's waste management business activities.

2. Compliance with IFU's tax policy

The investment structure has been subject to due diligence and based on the facts and circumstances made available, TaxRoom is of the opinion that the investment structure complies with IFU's tax policy for the following main reasons:

- The investment structure is a standard investment structure for doing business in several Asian countries.
- The loan is being provided to the Singapore parent company for getting a better securitisation package compared to providing the loan directly into the two Indian project companies

and cash-flow from Blue Planets other business operations can help servicing the debt taken up in the parent company.

- The Singapore investment holding company is established with genuine substance having 7 employees, office premises and decision power placed in Singapore and is for those reasons viewed to be a company entitled to benefit from Singapore's tax treaty network.
- The two Indian project companies are subject to local Indian corporate income tax.
- The Singapore Investment holding company is subject to corporate income tax in Singapore and the company will withhold 15% Singapore withholding tax on the interest and mezzanine payments to SDG.
- When making the investment it is implemented in the lending terms that Blue Planet shall ensure that investment structures and tax practices used are considered usual and do not work against the spirit of law or OECD BEPS guidelines.
- Blue Planet has informed that the company is not subject to transfer pricing requirement because of falling below certain thresholds.
- The tax due diligence report has not identified material mis-compliance with tax laws or tax aggressive planning.
- Singapore is not listed on EU's blacklist for non-cooperative jurisdictions and are as per 1 March 2023 viewed to be compliant with OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes.

3. Disclosure, cf. EU Directive 2018/822/EU (DAC 6)

The mezzanine debt investment in the Singapore parent company for the Blue Planet Group is a cross-border transaction but because the main benefit test in terms of obtaining a tax benefit due to structuring through Singapore is not met in this case, no DAC 6 disclosure is required for this investment.

TaxRoom P/S, 1 March 2023

Claus Kirkeby Olsen