

### January 2015

Tax updates for the period  
1 January 2015  
to 31 January 2015



#### Singapore updates

- *Transfer pricing*
  - On 6 January 2015, the Inland Revenue Authority of Singapore (IRAS) released the second edition of its transfer pricing guidelines, spelling out, among others, the need for preparation of contemporaneous documentation (and when exceptions may apply).
- *Research and Development*
  - The IRAS issued the fourth edition of its circular on research and development tax measures. The circular has been updated to incorporate a new annex for the food & beverages Industry.

For our commentary on the IRAS circular, please see:  
[http://www.pwc.com/en\\_GX/gx/tax/newsletters/pricing-knowledge-network/assets/pwc-singapore-revised-tp-guidelines.pdf](http://www.pwc.com/en_GX/gx/tax/newsletters/pricing-knowledge-network/assets/pwc-singapore-revised-tp-guidelines.pdf)

Details are available at:  
[http://www.iras.gov.sg/irashome/uploadedfiles/e-Tax\\_Guide/etaxguide\\_IIT\\_RnDTaxMeasures\\_2015-01-22.pdf](http://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_IIT_RnDTaxMeasures_2015-01-22.pdf)

- *Medical expenses*
  - The IRAS clarified in its website that payouts received from the government and given to employers need not be offset against total employee remuneration for calculation of deductible medical expenses.

Details are available at:  
[http://www.iras.gov.sg/irasHome/page04.aspx?id=614#Medical\\_expenses](http://www.iras.gov.sg/irasHome/page04.aspx?id=614#Medical_expenses)

#### Overseas updates

- *China*
  - The Ministry of Finance and the State Administration of Taxation recently released two new circulars, Caishui [2014] No. 109 and Caishui [2014] No. 116 on the corporate income tax restructuring rules. These rules will benefit companies conducting merger and acquisitions transactions or undergoing intra-group restructuring in China.

Details are available at:  
[http://www.pwccn.com/home/eng/chinatax\\_news\\_jan2015\\_1.html](http://www.pwccn.com/home/eng/chinatax_news_jan2015_1.html)

- **Korea:**

- On 27 November 2014, the Korean Supreme Court ruled that payments made for the use of patents registered outside Korea for domestic use are not considered Korean-sourced income. Thus, royalties paid to foreign persons for the use of certain patents registered outside Korea for manufacturing, distribution or other functions within Korea is not subject to tax in Korea.

Details are available at:

[http://www.pwc.com/en\\_US/us/tax-services/publications/insights/assets/pwc-use-patent-registered-outside-korea-not-subject-tax.pdf](http://www.pwc.com/en_US/us/tax-services/publications/insights/assets/pwc-use-patent-registered-outside-korea-not-subject-tax.pdf)

- **Hong Kong:**

- In *Aviation Fuel Supply Co v CIR* the courts ruled against the Inland Revenue Department on the grounds of procedural fairness. The substantive issue before the courts was whether balancing charges should be imposed on the taxpayer upon transfer of certain assets. However, this issue was only raised by the Commissioner of Inland Revenue after the statutory six-year limitation for the assessment in dispute has expired. Although there may be merits in the Commissioner's argument, the courts dismissed the appeal and held that the assessment cannot be revised at this stage to impose the balancing charges as this would be unfair to the taxpayer.

Details are available at:

[http://www.pwchk.com/webmedia/doc/635573721390311269\\_hktax\\_news\\_jan2015\\_1.pdf](http://www.pwchk.com/webmedia/doc/635573721390311269_hktax_news_jan2015_1.pdf)

- **Luxembourg:**

- Luxembourg has introduced new tax measures for corporations and individuals, including amendments to Luxembourg's transfer pricing legislation and documentation requirements effective as of 1 January 2015.

Details are available at:

[http://www.pwc.com/en\\_US/us/tax-services/publications/insights/assets/pwc-luxembourg-new-transfer-pricing-rules-tax-ruling-processes.pdf](http://www.pwc.com/en_US/us/tax-services/publications/insights/assets/pwc-luxembourg-new-transfer-pricing-rules-tax-ruling-processes.pdf)

## ***International Tax News***

Among the key topics featured in this month's edition are:

- Uruguay's new tax benefits for shared services centres
- New normative instructions regarding Brazil's controlled foreign operation rules
- The new China/Russia double taxation treaty

Details are available at:

[http://www.pwc.com/en\\_GX/gx/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-december-2014-january-2015.pdf](http://www.pwc.com/en_GX/gx/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-december-2014-january-2015.pdf)

## Contacts

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