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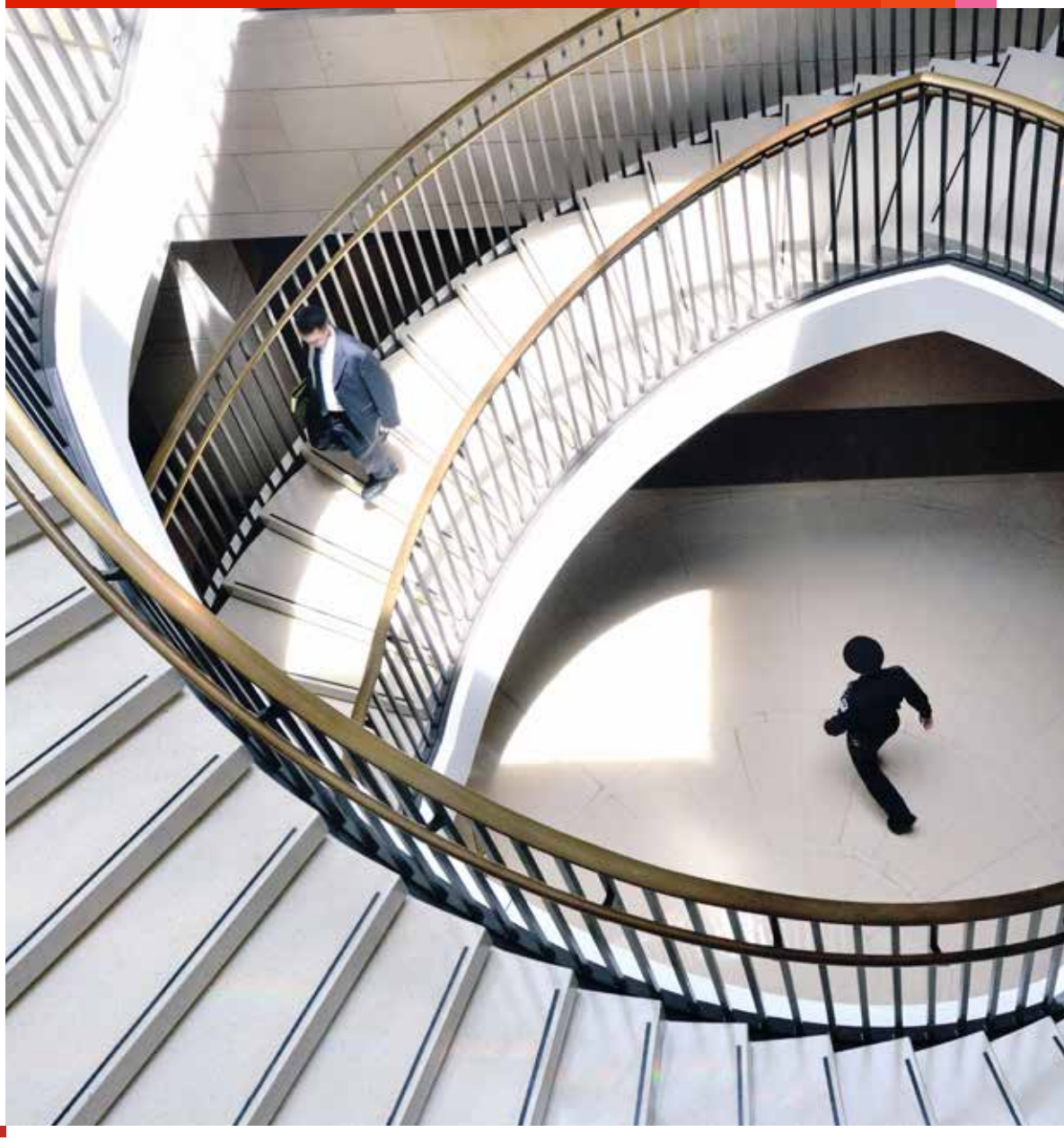
Asia-Pacific Banking & Capital Markets Tax Round-Up

May 2014



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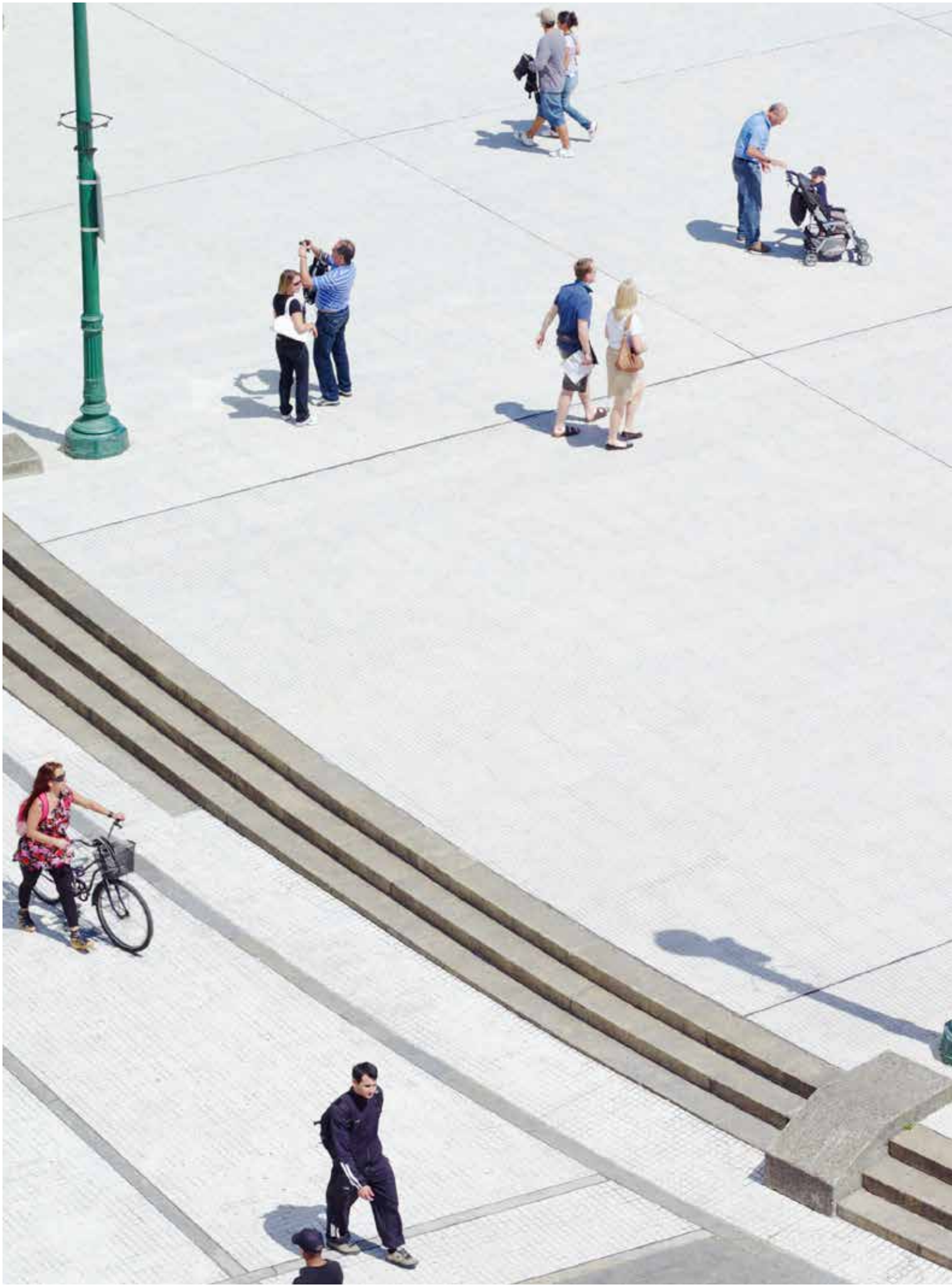
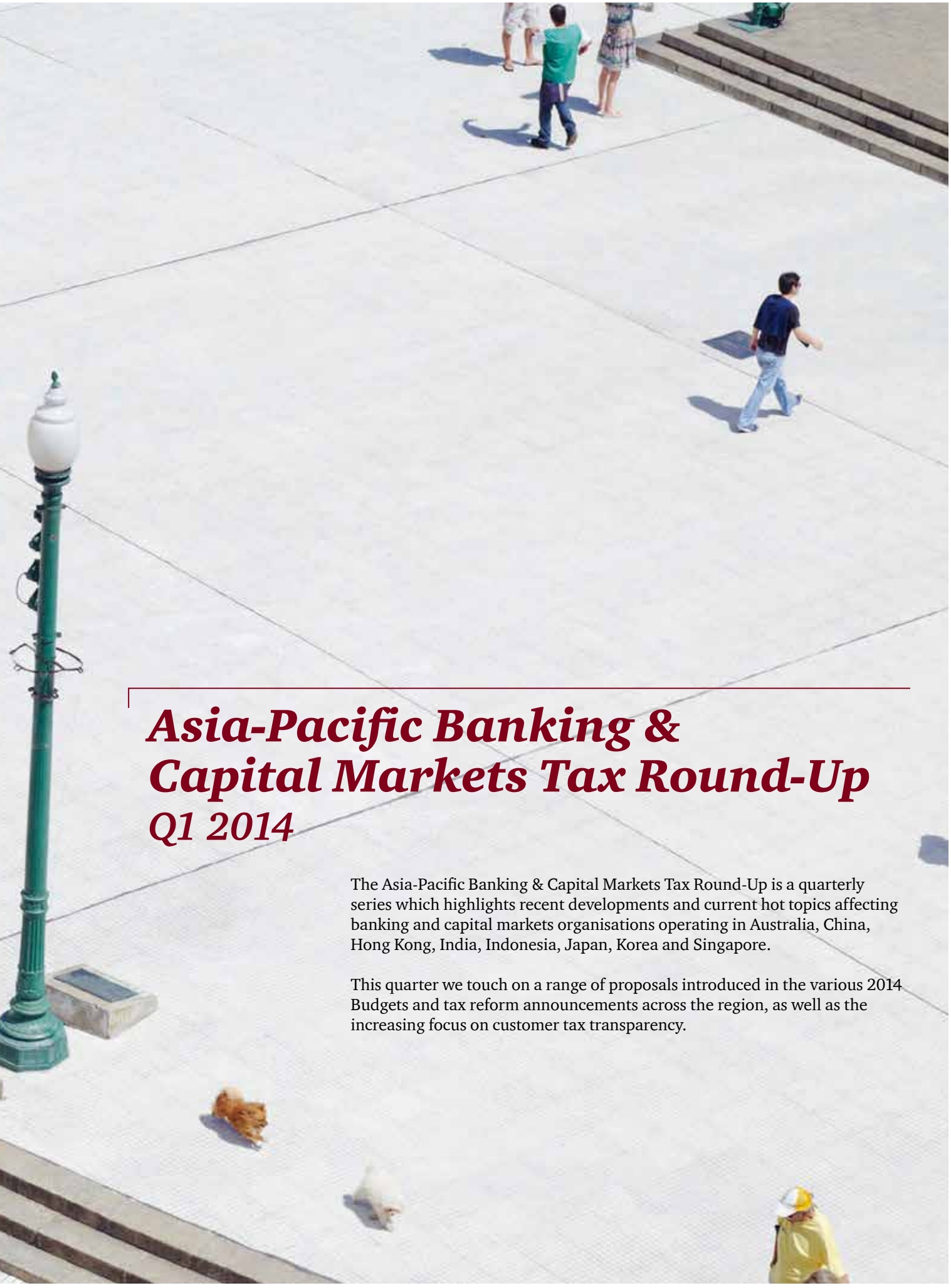




Asia-Pacific Banking & Capital Markets Tax Round-Up
Q1 2014

The Asia-Pacific Banking & Capital Markets Tax Round-Up is a quarterly series which highlights recent developments and current hot topics affecting banking and capital markets organisations operating in Australia, China, Hong Kong, India, Indonesia, Japan, Korea and Singapore.

This quarter we touch on a range of proposals introduced in the various 2014 Budgets and tax reform announcements across the region, as well as the increasing focus on customer tax transparency.

Foreword

Base Erosion and Profit Shifting (BEPS)

The OECD's Action Plan on BEPS was published in July 2013 with a view to addressing perceived flaws in international tax rules. The Action Plan, which was negotiated and drafted with the active participation of its member states, contains 15 separate action points or work streams. Completion of these 15 actions will take one to two years. While it may take considerably longer for the impact of these changes to be fully applied in practice, there are indications that the BEPS project and related developments are already leading to a material shift in the behaviour of tax authorities.

Some important changes have already been agreed by the OECD in the run up to BEPS:

- Threshold PE changes
- Beneficial ownership changes

Further, material work has been in progress pre-BEPS on what are now central BEPS issues:

- Intellectual Property (IP) and Transfer Pricing (TP)
- Transparency and disclosure measures

What will be your contribution to 'global' tax reform?

Governments, revenue authorities and business will all have a material role to play if the proposed changes are to be effective. We see a number of actions for businesses in Banking and Capital Markets to start focusing on:

- Be aware of OECD work in progress/areas of focus and how they may impact your business.
- Be prepared to provide input into industry consultation.
- Where practical, identify significant risk areas and assess/commence remediation as required. The current actions of tax authorities and the future impact of OECD work will influence this.
- Monitor the domestic impact of BEPS work – especially on behavioural changes of your government and revenue authorities.

To date a number of discussion drafts have be released, specifically for hybrid mismatch, tax challenges of the digital economy, treaty abuse and avoidance of permanent establishment status.

Whilst none of these are directed specifically at the banking and capital markets sector, they will nonetheless have significant ramifications for the industry.

Throughout our 2014 series and beyond, we will bring you updates on BEPS development and how governments regionally are responding. Stay tuned!

Customer tax transparency

The standard imposed on banks by society and regulators continues to increase, particularly with respect to customer tax transparency. There have been a number of high profile and public cases of customer lists being sold to tax authorities and other investigations being undertaken into the role that some banks have played (consciously or unconsciously) in connection with tax evasion by high net wealth individuals and groups.

The rapidly changing environment is perhaps most obviously evident from the groundswell of support for the "global FATCA" system – referred to as the "Automatic Exchange of Information – Common Reporting Standard (CRS)" proposed by the OECD. At last count, over 40 countries have signed on to that standard, and many major jurisdictions have committed to early adoption in 2016. This will see automatic exchange of customer information between many of the world's leading economies. Many countries have also signed up to the Convention on Mutual Administrative Assistance in Tax Matters.

Many countries are offering concessional amnesties to high net wealth taxpayers to rectify the past non-disclosure of income for tax purposes. In addition, tax authorities are using Double Tax Treaties to share information and conduct joint tax audits.

Banking regulators are focused on customer tax transparency and several have introduced (or are considering introducing) tax evasion as an Anti-Money Laundering predicate offence.

It is not difficult to see that banking and capital markets tax professionals will increasingly be expected to help ensure their banks and other financial institutions comply with an increasingly long list of requirements (systems, reporting, procedural) to meet external obligations over customer tax transparency.

Australia

External compliance assurance processes

The Australian Taxation Office (ATO) is continuing to work on its proposal in respect of the "external compliance-assurance processes" (ECAP) and is considering a new approach to the risk-assurance work relating to some publicly listed companies. These would be taxpayers whom we would categorise as 'medium-risk' and have a turnover between $100 million and $5 billion.

Part of the potential approach is whether these taxpayers could choose to use a registered company auditor to provide assurance to the ATO on certain matters without the need for the ATO conduct a review. Matters where the ATO require assurance would be identified by the ATO and focus on matters of fact. Using ECAP approaches the taxpayer would be offered the choice of using an external auditor to carry out the fact checking. If a taxpayer did not wish to use an existing external auditor to provide the assurance, the ATO would conduct the review in accordance with the ATO's current review process.

A final decision on whether the ATO will proceed to a pilot is likely to occur sometime towards the end of April/early May. At this stage there are still a number of questions that need to be worked through in order to understand better how the process is likely to work in practice and what the benefit will be to taxpayers.

Review of debt and equity rules

This past month has seen significant developments in relation to Base Erosion and Profit Shifting (BEPS) with the release of several OECD discussion papers as part of its action plan to combat BEPS including treaty abuse, hybrid mismatch arrangements (both recommendations for domestic laws and treaty aspects) and the tax challenges of the digital economy.

Whilst law changes may yet be a while off (particularly where those law changes require any level of multilateral agreement), Australia, particularly during its chairmanship of the G20, may seek to implement unilateral changes based on some of these recommendations.

By way of example, Australia's Board of Taxation released a discussion paper on the debt and equity rules which identified tax arbitrage involving hybrid mismatch arrangements and highlighted options for dealing with this issue. This goes to the heart of the BEPS recommendations intended to combat double non-taxation through the use of hybrid instruments.

Want to know more? BOT discussion paper on debt/equity
www.taxboard.gov.au/content/content.aspx?doc=reviews_and_consultations/debt_and_equity/default.htm&pageid=007

Financial Account Tax Compliance Act (FATCA) – Intergovernmental agreement signed

FATCA is an information reporting regime enacted by the United States to capture information on US persons holding assets or investing into the US from offshore. Enacted in March 2010, FATCA commences on 1 July 2014.

As we approach the commencement date, the announcement on 28 April by the Australian Treasurer that Australia and the United States have now signed an intergovernmental agreement (IGA) is welcomed news for Australian financial institutions and foreign inbound institutions. It is widely acknowledged that an IGA will reduce the overall compliance burden for business operating in Australia in adhering with their obligations under FATCA.

For a copy of the Australian IGA
treasury.gov.au/Policy-Topics/Taxation/Tax-Treaties/HTML/Intergovernmental-Agreement

Offshore voluntary disclosure

The ATO has finally launched its long awaited offshore voluntary disclosure initiative - 'Project DO IT' - which calls for taxpayers to voluntary disclose to the ATO incorrectly reported offshore income, gains and deductions by 19

December 2014 to secure lower penalties on any amended assessment. This initiative is one of the most generous offered by the ATO.

Want to know more?
www.pwc.com.au/private-clients/services/tax/project-doit/index.htm

Dividend washing

Treasury has issued exposure draft legislation which proposes to amend the tax law to deny an entity the benefits of any additional franking credits that it receives as a result of dividend washing.

Dividend washing (also referred to as distribution washing) allows an entity to obtain multiple franking credit entitlements in respect of a single underlying economic interest. To dividend wash, an entity sells an interest shortly after becoming entitled to receive a fully franked distribution in respect of that interest, then shortly after purchases a new and substantially identical interest that also provides an entitlement to another fully franked distribution.

This draft legislation would amend the tax law to deny an entity the benefits of any additional franking credits that an entity receives as a result of dividend washing.

Want to know more?
www.treasury.gov.au/ConsultationsandReviews/Consultations/2014/Preventing-dividend-washing

Hong Kong

1. Budget 2014/15

The Financial Secretary, delivered the 2014/15 Budget Speech on 26 February 2014 and affirmed the strength of Hong Kong's financial services industry, especially in driving the development of Hong Kong's economy as a whole. The Hong Kong Government's pledge to develop Hong Kong as a premier regional and international financial centre was evidenced in this year's Budget Speech, especially with the focus on addressing the practical difficulties in growing Hong Kong as a treasury centre, and the commitment to bringing the measures related to financial services announced last year to fruition. Some of the noticeable developments are:

Development of Hong Kong as a treasury centre

The Financial Services and Treasury Bureau in collaboration with the Hong Kong Monetary Authority are setting up a task force to review the requirements under the existing Hong Kong tax legislation for interest deductions in the taxation of corporate treasury activities, and to clarify the criteria for such deductions. The task force has been charged with the responsibility to come up with "concrete proposals" within one year. This is a positive step taken by the Hong Kong Government – Hong Kong's interest deduction rules are subject to stringent and complicated rules designed to guard against loan arrangements with an intention to avoid Hong Kong profits taxes. In doing so, it has arguably discouraged multinational enterprises from growing their global or regional treasury functions in Hong Kong and impaired Hong Kong as a treasury centre. Watch this space for more.

Stamp duty concession to cover ETFs

The Financial Secretary proposes to waive the stamp duty for the trading of all exchange traded funds (ETFs) (rather than just ETFs that track indices comprising not more than 40% of Hong Kong stocks). This reduction in the trading costs of ETFs is certainly a welcomed measure, and makes Hong Kong a more competitive market for the development, management, and trading of ETFs.

Local bonds

The Hong Kong Government recognises that Hong Kong's bond market has not been a priority in recent times and is seeking to rectify this. In order to develop the local bond market, the government announced a forthcoming issue of inflation-linked retail bonds of up to HK$10 billion with a maturity of three years, targeted at Hong Kong residents. Details of this will be announced by the Hong Kong Monetary Authority in due course.

Private equity

The 2013/14 proposal to extend the profits tax exemption for offshore funds regime to include transactions in private equity funds will be implemented in 2014/15. The Financial Secretary advised that the draft bill will be presented to the legislature as soon as possible.

Asset management

To promote Hong Kong as a fund domicile centre by introducing an open-ended fund company, the Financial Secretary announced that the relevant regulatory frameworks have been drawn up and consultation began in March 2014.

The Hong Kong government has been focused over the past year in driving forward the arrangement for mutual recognition of funds between the Securities & Futures Commission and the Chinese authorities, especially given it would attract many offshore professional and service providers to Hong Kong. However, whether a possible Hong Kong / China passporting regime, similar to the regime available for UCITS in Europe, will be implemented is still unknown. We continue to watch this with great interest.

2. *Court-free amalgamation: An opportunity for internal corporate restructuring*

After a prolonged legislative procedure, the new Companies Ordinance (the New CO) has been finally enacted into law and has become effective on 3 March 2014. Among the changes to the corporate regulatory framework affected by the New CO, the new court-free amalgamation of wholly owned group companies provides an opportunity for groups to streamline their corporate structure. There are, however, certain Hong Kong and possibly foreign tax issues as a result of an amalgamation that should be considered before taking any court-free amalgamation.

Want to know more?
www.pwchk.com/webmedia doc/635225445572720328_hktax_news_dec2013.pdf

India

New SEBI (Foreign Portfolio Investors) Regulations 2014 (FPI Regulations)

The new FPI Regulations replace the existing foreign portfolio investment framework and was effective from 7 January 2014.

Key highlights of the regulations:-

i) An applicant will need to satisfy certain conditions before applying for the FPI status. Broadly, applicants need to fall into one of the three categories of FPI:

- Category I includes Government and Government related investors such as central banks, government agencies, sovereign wealth funds etc.
- Category II includes regulated broad based funds such as mutual funds, investments trusts, insurance companies, regulated persons such as banks, asset management, investment managers/advisors, university funds and pension funds.
- Category III includes the rest not covered under the above two categories like charitable societies, charitable trusts, foundations, endowments, individuals, family offices etc.

ii) Investment conditions and restrictions are broadly in line with instruments under the previous regime, notably a restriction to 10% ownership of the issued equity of a Company and a 50% cumulative threshold of direct or indirect ownership.

iii) Transitional provisions – All the FIIs/sub accounts may continue to deal in securities until the expiry of their existing registration or until they register as a FPI.

The reforms are seen as a step in the right direction towards rationalizing and simplifying portfolio investments in India for foreign investors.

Want to know more?

www.pwc.in/en_IN/in/assets/pdfs/news-alert-tax/2014/pwc-news-alert-9-january-2014-sebi-foreign-portfolio-investors-regulations-2014.pdf

RBI guidelines on 'Revitalising distressed assets in the economy'

On 30 January 2014, the Reserve Bank of India (RBI) released the final framework for 'Revitalising distressed assets in the economy'. The framework outlined a corrective action plan to incentivize early identification of problem cases, timely restructuring of accounts which are considered to be viable and to take prompt steps for recovery or sale of unviable accounts.

Subsequently, on 19 March 2014, the RBI released guidelines operationalizing various aspects of the framework. Some of the key aspects are as follows -

- Buyback of assets from Asset Reconstruction Companies (ARCs) by defaulting promoters may be permitted if it expedites the recovery process;
- Acquisition of assets by ARCs by sponsor banks may be permitted only if such acquisition is via an auction held at arm's length - Securitisation Companies/ Reconstruction Companies (SC/RCs) are not permitted to acquire any non-performing financial asset from their sponsor banks on a bilateral basis;
- Valuation of assets by ARCs should take into account several specified aspects such as the current value of the proposed settlement vis a vis the net present value of the recoveries, likely positive or negative changes in the value of the secured asset on account of passage of time etc.
- SCs/RCs may, subject to conditions, utilise part of funds (not exceeding 25%) raised from Qualified Institutional Buyers (QIBs) towards re-structuring of acquired assets.

Want to know more?
www.rbi.org.in/scripts/NotificationUser.aspx?Id=8776&Mode=0

Revised guidelines on restructuring of advances by NBFCs

RBI issued norms on 23 January 2014 for loans restructured by non-banking finance companies (NBFCs), bringing them in line with guidelines applicable to commercial banks. The norms give more flexibility to NBFCs to deal with their stressed loans but make it mandatory for them to set aside a substantial amount of provisions to cover restructured loans. Until now, there were no specific guidelines laying down the rules of restructuring for NBFCs.

Under the new norms, NBFCs, like banks, will have to set aside a 5% provision against restructured loans. For existing stock, the provisions will go up to 5% in a phased manner by March 2017.

Want to know more?
www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=8706

Indonesia

New guidelines on the requirements for public companies tax cut facility

On 21 November 2013, the Government issued Government Regulation No.77/2013 (GR-77) regarding a reduction in the corporate income tax rate of 5% for qualifying listed companies and revoked GR No.81/2007 regarding the same matter. This regulation fine tunes the requirements for receiving a tax rate of 20% (a cut of 5% below the generally applicable corporate tax rate of 25%). The changes are as below:

1. At least 40% of the paid-in capital is listed for trading in the Indonesian Stock Exchange (IDX) and put in the collective custody of a custody and settlement institution (previously 40% of publicly owned shares).
2. The shares in point 1 must be owned by at least 300 parties.
3. Each party in point 2 can only own less than 5% of paid-in capital.
4. Requirements 1— 3 above must be maintained at least 183 days in one fiscal year.

GR-77 provides examples of conditions which meet and do not meet the requirements; the most important points are:

- The following shares cannot be included in calculating the 40% threshold:
  - Shares listed for trading in an offshore stock exchange
  - Shares traded outside a stock exchange
  - Shares in the form of certificate (warkat) and not put in the collective custody of the custody and settlement institution
- It is emphasized that less than 5% of paid-in capital corresponds to a maximum of 4.99%

If any public parties own 5% or more of paid-in capital, the company can still enjoy the tax cut if all of the requirements are still fulfilled (conditions apply).

Value Added Tax: Increase in the delivery threshold of small entrepreneurs

The Minister of Finance (MoF) increased the delivery threshold of small entrepreneurs for Value Added Tax (VAT) purposes from 600 million per annum to Rp 4.8 billion per annum. If the threshold is exceeded, a small entrepreneur must register to be a VAT-able entrepreneur and is required to carry out VAT obligations, including collecting VAT on the deliveries of taxable goods/services.

This new policy has been effective since 1 January 2014. This new threshold is in line with the gross turnover threshold for individual and corporate taxpayers that are subject to Article 4(2) Final Tax at 1% of turnover based on Government Regulation No. 46/2013.

Banks should be aware of this regulation when dealing with small entrepreneurs vendors. If it is known to the Bank that their vendors exceed the small entrepreneurs turnover threshold of Rp 4.8 billion per annum, Banks would need to ensure that they obtain VAT invoice from that vendors on the VAT-able goods or services provided.

Electronic Value Added Tax Invoice

The MoF has introduced an electronic VAT invoice (e-VAT invoice) through Regulation No.151/PMK.011/2013 (PMK- 151) dated 11 November 2013, regarding procedures of VAT invoice preparation, amendment or replacement.

The e-VAT invoice is intended to make it easier for VAT-able Entrepreneurs (Pengusaha Kena Pajak/PKP) to collect VAT on the delivery of taxable goods/ services by making the best use of information technology. An e-VAT invoice is mandatory for certain PKPs that fulfil requirements to be set out by the Director General of Tax (DGT) in a new regulation. The new DGT regulation will need to cover:

a) criteria for mandatory use of e-VAT invoices;

b) electronic signatures; and

c) procedures to request information with regard to damaged or missing e- VAT invoices.

A decision letter will also be issued by the DGT for each PKP that fulfils the requirements.

The MoF initially stipulates 1 January 2014 as the effective date to use e-VAT invoice. However, the implementing DGT regulation has not been issued up to date. The Head of Communications and Information Bureau of the MoF stated that the use of e-VAT invoice would be enforced gradually, starting from 1 July 2014.

Japan

The ruling parties of Japan released the outline of the much awaited 2014 Tax Reforms Proposal on 12 December 2013. These proposals have not been legislated yet. Some of the relevant proposals introduced are:

One year early termination of the Restoration Corporation Surtax

With a view to revitalize the Japanese economy, the reform proposal targets to lower the corporate tax burden by terminating the 10% Corporation Surtax one year earlier than planned. Under this proposal, the effective corporate tax rate from fiscal year beginning on or after 1 April 2014 shall be 37.11% (35.64% for Corporations subject to the size based enterprise tax regime).

Taxation of Permanent Establishments

In continuation to our earlier edition, which highlighted the Ministry of Finance's report on Taxation of Permanent Establishments (PE) on 24 October 2013, the 2014 Tax Reform Proposal accepts the report on PE and the contents are very much in line with the report released in October 2013. However, there are certain additions and changes from the report worth noting:

i) Interest from Tier 2 capital such as subordinated debt paid by a foreign bank/ securities company allocated to a PE in Japan of a foreign bank/ securities company in accordance with the attributable capital of the PE shall be deductible for the purposes of calculating the attributable income of the PE;

ii) Under the attribution approach, the scope of foreign source income will be defined to include:

   a) Attributable income of foreign PEs;

   b) Income from operating, maintaining foreign assets;

   c) Income from transferring foreign assets;

   d) Interest on bonds issued by foreign corporations; and

   e) Dividends paid by foreign corporations etc.

iii When calculating foreign source income of a foreign PE specific to the banking and capital markets sector, the following may be taken into account:

   a) Japanese banks may calculate risk-weighted assets using only credit risk for finance receivables when determining the capital to be attributable to a foreign PE;

   b) Interest from Tier 2 capital such as subordinated debt paid by a Japanese bank/securities company allocated to a foreign PE of the bank/securities company in accordance with the attributable capital of the PE shall be deductible for the purposes of calculating the attributable income of the PE.

This new rule will be applied for tax years beginning on or after 1 April 2016. Want to know more?

www.pwc.com/jp/en/taxnews/pdf/2014-tax-reform-proposal-e.pdf

Transfer Pricing – the scope of transactions with unrelated parties

At present, the scope of the transactions with unrelated parties that will be subject to the transfer pricing regime is limited to sales, transfer, loan or provision of assets when the price is substantially agreed in advance between the related parties or under certain conditions. According to the reforms, the provision of services will be included in the scope of the transactions with unrelated parties above. How this develops will be of much interest. We will bring you more as this develops.

Consideration of the cross border service transaction

New legislation is currently under discussion with respect to the taxation of cross border service transactions for Japanese consumption tax purposes, and such legislation is targeted for inclusion in the 2015 Tax Reform Proposal.

Discussions within the Government Tax Committee are covering matters such as how to determine the place of service, potential taxation methods including reverse charge method in use in many European VAT regimes. More to follow.

Changes to Appeal process

Included in the raft of proposals, the appeal procedures set out in the Administrative Appeal Act are to be reviewed. Principally, a taxpayer who disagrees with a tax assessment made by the tax authorities will be allowed to appeal directly to the National Tax Tribunal, circumventing the need for the current format of filing of an objection. Further, an appeal period will be extended to 3 months from the current 2 month period, determined from a date after when the assessment is made known to the taxpayer, providing additional time for response.

Korea

Overseas Investment Vehicle - Reclaim of Withholding Tax

The Corporate Income Tax Act was amended effective from 1 January 2014 to allow either the withholding agent or the beneficial owner of an Overseas Investment Vehicle (OIV) to reclaim any overpaid withholding tax (WHT).

Before the amendment, only the beneficial owner of the OIV was entitled to make the reclaim. An OIV is defined as a collective investment vehicle that is established outside of Korea where it solicits funds from investors and manages the funds by purchasing and selling assets, with the resulting profits distributed to the investors. The OIV regime provides a "look-through" approach when determining the beneficial owner for withholding purposes. This amendment should allow more flexibility in the WHT reclaim process.

Under the OIV rules, the withholding agent is required to deduct WHT in respect of any Korean source income paid to an OIV at the domestic rate rather that the applicable treaty rate in one of the following circumstances:

(i) The report of OIV is not submitted to the withholding agent prior to the payment of Korean source income; or

(ii) The OIV does not provide additional information requested relating to any disclosure made in the report of OIV submitted to the withholding agent before the payment; or

(iii) The withholding agent is unable to determine the beneficial owners based on the report of OIV submitted to the withholding agent.

Where the domestic WHT is applied due to one of the reasons mentioned above, a reclaim of any overpaid WHT may be made to the tax office within 3 years by rectifying the deficiency that led to the WHT being deducted at the domestic rate.

Singapore

The much awaited Budget 2014 was finally delivered by the Minister for Finance on 21 February 2014. Some of the noticeable developments are:

Capital instruments issued by Singapore incorporated banks

- Basel III Additional Tier 1 instruments (that are not shares) issued by Singapore incorporated banks will be treated as debt for tax purposes. Hence, distributions on such instruments will be deductible for issuers and taxable in the hands of investors, subject to existing rules. Conversely, dividends paid on shares
- which qualify as Additional Tier 1 capital (e.g. convertible preference shares) will not be deductible.
- The tax treatment will apply to distributions accrued in the basis period for the year of assessment (YA) 2015 and thereafter, in respect of such instruments issued by Singapore-incorporated banks (excluding capital issued by a Singapore- incorporated bank's foreign branches).
- Further, it is expected that Additional Tier 1 instruments that are issued as Qualifying Debt Securities (QDS) and QDS plus will be accorded the concessionary treatment generally associated with these schemes.
- Further details to be released by MAS by the end of May 2014.

Tax incentive schemes for qualifying funds

As anticipated, the Government announced a number of changes to the tax incentive schemes relevant to funds. Broadly:

- Tax incentives for funds provided under Sections 13CA, 13R and 13X have been extended for five years until 31 March 2019. However, incentives under Section 13C scheme will lapse after 31 March 2014.
- Whilst the exemption scheme for trust funds with a Singapore-based trustee and which are managed by a Singapore fund manager will lapse, Section 13CA scheme will be expanded to include trust funds with resident trustee with effect from 1 April 2014.
- Acknowledging the existing difficulties associated with calculating ownership levels using historical values of the fund's issued securities for Sections 13CA and 13R schemes, ownership percentages can now be computed based on the prevailing market value of the qualifying fund's issued securities with effect from 1 April 2014. This is a welcome relief as it otherwise requires aggregating the historical value of securities held by each investor.
- The list of designated investments has been expanded to include loans to qualifying offshore trusts, interest in certain limited liability companies and bankers acceptance.

Boosting productivity and promoting innovation

The Productivity and Innovation Credit (PIC) scheme designed to encourage productivity and innovation activities in Singapore has been extended and enhanced. Broadly:

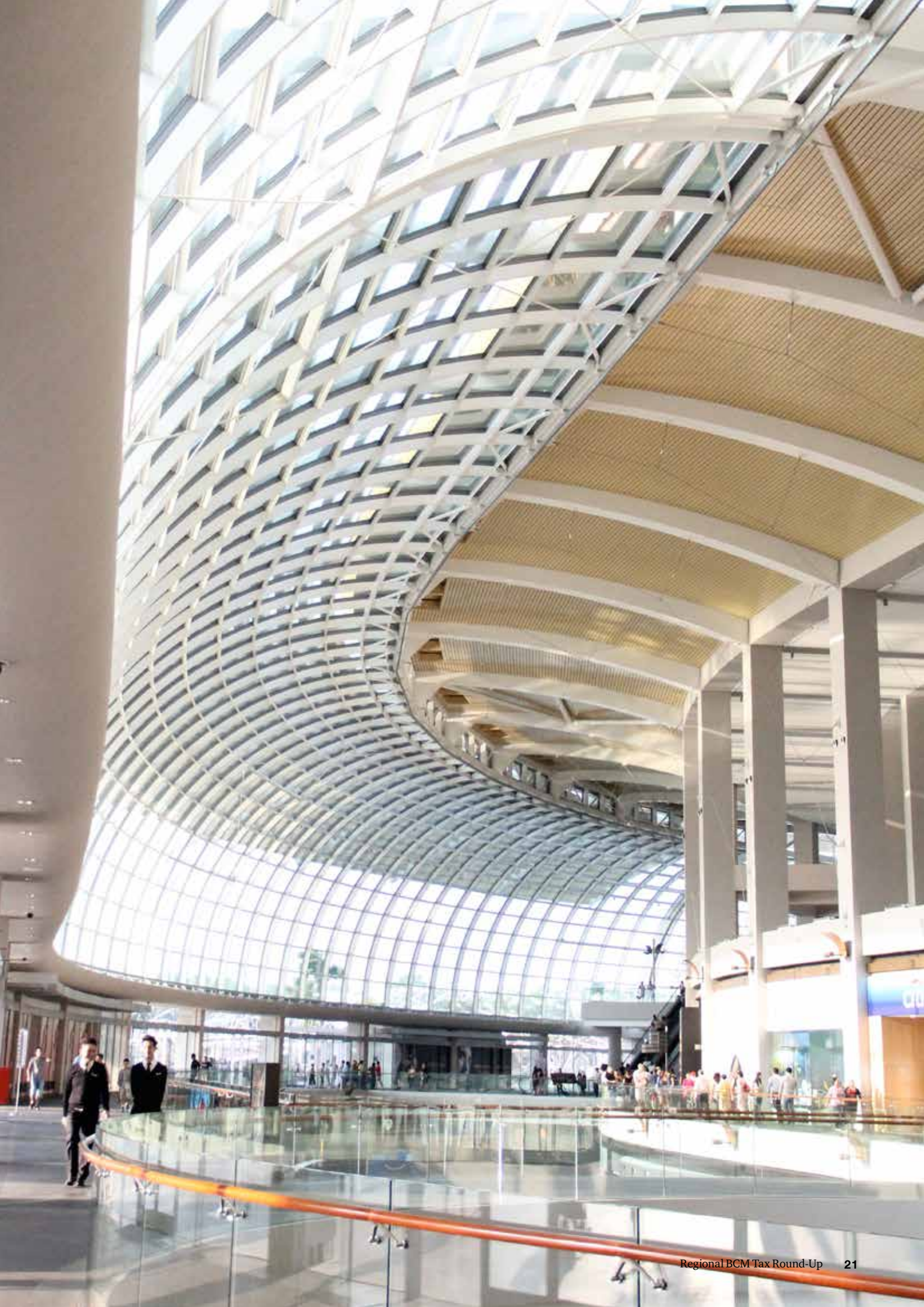
- The PIC scheme will be extended for three years to YA 2018. The cap of S$400,000 expenditure per YA per activity can now be combined across YA 2016 to YA 2018 (i.e. S$1.2 million per qualifying activity).
- A new PIC+ scheme has been introduced to provide support to small and medium enterprises (SME) that are making more substantial investments to transform their business. Under this scheme, the expenditure cap will be increased from S$400,000 to S$600,000 per qualifying activity per YA (from YA 2015 to YA 2018).

In addition to the enhancement of the PIC scheme, the R&D tax incentives which were due to expire in YA 2015 have also been extended. Specifically:

- Section 14DA enhanced tax deduction of 50% of qualifying expenditure incurred on R&D activities carried out in Singapore has been extended for\ another 10 years to YA 2025.
- Section 14E which allows business to claim 200% deduction on qualifying expenditure on R&D projects approved by the Economic Development Board has been extended for another 5 years until 31 March 2020.

Financial Account Tax Compliance Act (FATCA) – Intergovernmental agreement signed

The long-awaited IGA between the US Treasury and Singapore has been agreed in substance effective 5 May 2014. Foreign financial institutions in Singapore will be permitted to register under the IGA agreed in substance and will be able to certify their status to withholding in order for this status to continue without interruption. This is a welcomed confirmation for Singapore based financial institutions.



Asia-Pacific Banking & Capital Markets Team

Leaders

Ernie Chang	+61 2 8266 0557	ernest.chang@au.pwc.com
Liam Collins	+65 6236 7248	liam.collins@sg.pwc.com

Australia

Matt Osmond	+61 3 8603 5883	matt.osmond@au.pwc.com
Bill Testa	+61 2 8266 7239	bill.testa@au.pwc.com
Gavin Marjoram	+61 2 8266 0576	gavin.marjoram@au.pwc.com
Grant Harrison	+61 2 8266 0590	grant.harrison@au.pwc.com

China

Danny Yiu	+86 10 6533 2787	danny.yiu@cn.pwc.com
Matthew Wong	+86 21 2323 3052	matthew.mf.wong@cn.pwc.com
Jessie Huang	+86 10 6533 3155	jessie.huang@cn.pwc.com

Hong Kong

Florence Yip	+852 2289 1833	florence.kf.yip@hk.pwc.com
Rex Ho	+852 2289 3026	rex.ho@hk.pwc.com
Philip Mak	+852 2289 3503	phillip.mak@hk.pwc.com
David Kan	+852 2289 3502	david.kh.kan@hk.pwc.com
David McDonald	+852 2289 3707	david.mcdonald@hk.pwc.com
Sandy Lau	+852 2289 3526	sandy.wh.lau@hk.pwc.com

India

Sunil Gidwani	+91 22 66891177	sunil.gidwani@in.pwc.com
Vikram Bohra	+91 22 66891160	vikram.bohra@in.pwc.com
Jignesh Desai	+91 22 66891158	jignesh.desai@in.pwc.com

Indonesia

Margie Margaret	+62 21 5289 0862	margie.margaret@id.pwc.com
Ivan Budiarnawan	+62 21 5289 0862	ivan.budiarnawan@id.pwc.com

Japan

Sachihiko Fujimoto	+813 5251 2423	sachihiko.fujimoto@jp.pwc.com
Stuart Porter	+813 5251 2944	stuart.porter@jp.pwc.com

Singapore

Paul Lau	+65 6236 3733	paul.st.lau@sg.pwc.com
Tan Hui Cheng	+65 6236 7557	hui.cheng.tan@sg.pwc.com
Lim Maan Huey	+65 6236 3702	maan.huey.lim@sg.pwc.com
Carrie Lim	+65 6236 3650	carrie.cl.lim@sg.pwc.com
Michael Muncaster	+65 6236 3749	michael.muncaster@sg.pwc.com
Lynn Tan	+65 6236 3645	lynn.tan@sg.pwc.com