

Tax updates for the
period 1 February 2015
to 31 March 2015

Singapore updates

- *Budget 2015*
 - The Budget Statement was delivered by Deputy Prime Minister and Minister for Finance on Monday, 23 February 2015. This year's Budget focused on four main pillars – encouraging innovation and internationalisation, enhancing competitiveness, securing the revenue base and strengthening social security.

Our commentary is available at:

<http://www.pwc.com/sg/en/singapore-budget-2015/budget-commentary.jhtml>

- *Productivity and Innovation Credit (PIC)*
 - The Inland Revenue Authority of Singapore (IRAS) updated its PIC-related web pages to provide the following:
 - Examples of abusive PIC arrangements
<http://www.iras.gov.sg/irasHome/page04.aspx?id=10136>
 - Examples of how an equipment automates or mechanizes the work processes of a business
http://www.iras.gov.sg/irasHome/page04.aspx?id=13838#Acquisition_or_Leasing_of_PIC_IT_and_Automation_Equipment
 - How capital allowances can be claimed for PIC qualifying equipment, including those approved via specific application
<http://www.iras.gov.sg/irasHome/page04.aspx?id=13844>
 - IRAS has introduced a new search function to help claimants ascertain if their equipment qualify for PIC.

Details are available at:

<http://www.iras.gov.sg/irasHome/page04.aspx?id=16169>

- IRAS has introduced the new PIC cash payout e-Services, which allow businesses and tax agents to apply for PIC cash payout, as well as to view the cash payout application status and notices.

The e-services are available at:

<http://www.iras.gov.sg/irasHome/page04.aspx?id=16100>

- *Tax accounting*
 - On 4 February 2015, the Financial Accounting Standards Board proposed changes to stock compensation tax accounting. An exposure draft is expected to be issued in April/May 2015.

Our commentary is available at:

http://www.pwc.com/en_US/us/tax-accounting-services/newsletters/tax-accounting/assets/pwc-fasb-decides-propose-changes-stock-compensation-tax-account.pdf

- *Foreign Account Tax Compliance Act (FATCA)*
 - An overview of the FATCA filing process is available on the IRAS webpage at: <http://www.iras.gov.sg/irasHome/page.aspx?id=15664>

Overseas updates

- *Association of Southeast Asian Nations (ASEAN)*
 - On 21 March 2015, ministers at the ASEAN meeting agreed to promote the ASEAN Forum on Taxation to accelerate tax harmonisation.
- *China*
 - On 6 February 2015, the State Administration of Taxation (SAT) published Public Notice [2015] No. 7 (Public Notice 7) to clarify key issues in relation to overseas indirect equity transfer. Public Notice 7 supersedes the current Chinese tax rules and introduces a new regime which is significantly different from the current rules.

Our commentary is available at:

http://www.pwccn.com/home/eng/chinatax_news_feb2015_4.html

- The SAT released a public notice on 18 March 2015 (SAT Gong Gao [2015] No. 16) concerning the transfer pricing rules on services and royalty payments to overseas related parties. The Notice is largely consistent with previous SAT circulars regarding service fees and royalties and outlines a 'six-point test' to determine whether an outbound payment is deductible.

Our commentary is available at:

http://www.pwc.com/en_GX/gx/tax/newsletters/pricing-knowledge-network/assets/pwc-china-outbound-payments.pdf

- *Hong Kong*
 - From 13 February 2015, any contract notes and instruments of transfer for transactions of shares or units of exchange traded funds are not subject to stamp duty.
 - The 2015/2016 Hong Kong Budget was announced on 25 February 2015.
- Our commentary is available at: <http://www.pwchk.com/hkbudget>
- The Hong Kong Inland Revenue Department announced on 3 March 2015 that it will accept 2014/2015 profits tax returns in which assessable profits are computed on a fair value basis.

- *India*

- The Indian government announced its first Budget on 28 February 2015, introducing significant measures to revive economic growth and boost foreign investment.

Our commentary is available at:

https://www.pwc.in/en_IN/in/assets/pdfs/budget/2015/pwc-union-budget-publication-2015-16.pdf

- The Central Board of Direct Taxes (CBDT) has announced detailed rules explaining the roll back rules and procedures relating to Advance Pricing Agreements under the Indian Income-tax Act, 1961.

Our commentary is available at:

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/India+AP+A+rollback+rules+03182015.pdf>

- *Malaysia*

- The Inland Revenue Board of Malaysia issued mutual agreement procedure guidelines on 5 December 2014. This provides guidance to persons that fall within the scope of an effective tax treaty that Malaysia has with its treaty partners, on obtaining assistance from the Malaysian competent authority. This assistance is provided to taxpayers in order to try to resolve international tax disputes involving double taxation and inconsistencies in the interpretation and application of a tax treaty.

- *OECD*

- OECD published public comments on the discussion draft on Action 4 (Interest deductions and Other Financial Payments) of the BEPS Action Plan, and its report for the Istanbul Summit. The OECD also published comments received on the discussion drafts of two new elements of the OECD international VAT/GST guidelines in relation to Action 1.
- Multinational enterprises recently received additional guidance on compliance with certain recommendations emanating from the OECD's BEPS Action Plan, including the roll-out of country-by-country tax information reporting, the criteria countries should require in order for them to benefit from intellectual property (IP) tax incentive regimes, and proposals authorising the formation of a negotiating group from countries wishing to advance the idea of a multilateral instrument to amend tax treaties.

Our commentary is available at:

http://www.pwc.com/en_GX/gx/tax/newsletters/tax-policy-bulletin/assets/pwc-multinationals-receive-oecd-beps-guidance.pdf

- *United Kingdom*
 - The 2015 budget announced on 17 March 2015 provided information on the new diverted profits tax, which is aimed at tackling perceived tax avoidance by multinationals and which will apply from 1 April 2015. The final legislation was expected to clarify a number of uncertainties in the December 2014 draft legislation.

Our commentary is available at:

http://www.pwc.com/en_US/us/tax-services/publications/insights/assets/pwc-uk-2015-budget-provides-more-information-new-diverted-profits.pdf

International Tax News

February

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

- 2015 Korean tax law changes
- The Irish Knowledge Development Box consultation process
- The Netherlands new decree regarding cross border fiscal unities
- The OECD releases six more BEPS discussion drafts

Details are available at:

http://www.pwc.com/en_GX/gx/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-february-2015.pdf

March

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

- The decision of the Dutch Court of Appeals regarding the deduction of cross-border forex result
- Changes in the Brazilian transfer pricing rules
- The US Internal Revenue Service's release of R&D credit regulations on internal use software

Details are available at:

http://www.pwc.com/en_GX/gx/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-march-2015.pdf

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