



### *Singapore updates*

- **Draft Income Tax (Amendment) Bill 2015**
  - The Ministry of Finance (MOF) issued the draft Income Tax (Amendment) Bill 2015 for public consultation on 26 June 2015. The draft Bill includes 22 amendments to give effect to changes announced in the 2015 Budget, and 16 amendments to give effect to non-Budget changes.

Details are available at:

<http://app.mof.gov.sg/Public-Consultation/Public-Consultation-Open/Public-Consultation-on-Draft-Income-Tax-Amendment-Bill-2015>

- **Non-resident mediators**
  - The Ministry of Law issued a circular on 31 March 2015 detailing the tax exemption for income derived by qualifying non-tax resident mediators for mediation services rendered in Singapore.

Details are available at:

[https://www.mlaw.gov.sg/content/dam/minlaw/corp/Setting%20Up%20a%20Practice/Industry%20Circular%20for%20WTE%20for%20Non-Resident%20Mediators%20\(31%20Mar%202015\).pdf](https://www.mlaw.gov.sg/content/dam/minlaw/corp/Setting%20Up%20a%20Practice/Industry%20Circular%20for%20WTE%20for%20Non-Resident%20Mediators%20(31%20Mar%202015).pdf)

- **Real Estate Investment Trusts**
  - On 19 June 2015, the Inland Revenue Authority of Singapore (IRAS) issued a revised circular on the income tax treatment of Real Estate Investment Trusts (REITs). It provides details of the enhancement and extension of the income tax and Goods and Services Tax (GST) concessions to 31 March 2020, and certain non-Budget changes.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/etaxguide\\_CIT\\_REITs.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_CIT_REITs.pdf)

Tax updates for  
the period

1 May 2015  
to 30 June 2015

- On 19 June 2015, the IRAS issued a revised circular on the tax exemption under section 13(12) for specified scenarios, REITs and qualifying offshore infrastructure project/asset to reflect the extension of the tax exemption for listed REITs that was announced in the 2015 Budget.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/etaxguide\\_CIT\\_Tax%20Exemption%20under%20Section%2013\\_12.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_CIT_Tax%20Exemption%20under%20Section%2013_12.pdf)

- *Reinstatement costs*

- The IRAS updated its website on 12 June 2015 to announce that it will consider allowing a deduction for costs incurred to reinstate business premises to its original state at the end of the lease term (subject to conditions).

Details are available at:

<https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Business-Expenses/Tax-Treatment-of-Business-Expenses/#title12>

- *Rental expenses*

- Further to the Budget 2015 announcement to simplify the claim of rental expenses for individuals, the IRAS has released details of the changes.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/e-Tax%20Guide\\_IIT\\_Simplification\\_of\\_Claim\\_of\\_Rental\\_Expenses\\_for\\_Individuals.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/e-Tax%20Guide_IIT_Simplification_of_Claim_of_Rental_Expenses_for_Individuals.pdf)

- *Non-resident individuals*

- The IRAS has announced that the withholding tax rate on payments to non-resident individuals (including non-resident professionals) will increase to 22% from Year of Assessment 2017 (payments made from 1 January 2016).

Details are available at:

<https://www.iras.gov.sg/irashome/Individuals/Locals/Working-Out-Your-Taxes/Income-Tax-Rates/>

- *Voluntary Disclosure Programme*

- The IRAS issued a revised circular on “Voluntary Disclosure Programme” on 6 May 2015. Amendments were made to provide clarity on voluntary disclosures for cash payouts/bonuses, GST errors and the IRAS’s treatment towards voluntary disclosures in general.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/etaxguides\\_IRAS%20Voluntary%20Disclosure%20Programme.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguides_IRAS%20Voluntary%20Disclosure%20Programme.pdf)

- *Goods and Services Tax*

- The GST Board of Review case of *GAQ v Comptroller of Goods and Services Tax* dealt with the issue of whether the taxpayer's supplies of financial services (exempt supplies) that were also supplies of international services (zero-rated supplies) were to be included in the value of its taxable supplies for the purpose of assessing whether it was liable to be registered for GST.

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- The IRAS has revised several GST circulars covering:
    - Pre-registration claims on goods and services
    - Approved Refiner and Consolidator Scheme (ARCS)
    - Aerospace industry
    - Approved Contract Manufacturer and Trader (ACMT) Scheme
    - Imports
    - Charities and non-profit organisations
    - Hire purchase agreements and financing instruments
    - Fringe benefits

Details are available at:

<https://www.iras.gov.sg/irashome/e-Tax-Guides/>

- *Singapore – Thailand tax treaty*
  - Singapore and Thailand signed a new Avoidance of Double Taxation Agreement (DTA) on 11 June 2015 (which is subject to ratification). Among other changes, the new DTA lengthens the threshold period for determining the presence of a permanent establishment and lowers the withholding tax rates for dividends, interest and royalties. Upon ratification, the treaty will replace the agreement signed 15 September 1975.

The full text of the new DTA is available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick\\_Links/Singapore-Thailand%20DTA%20\(Not%20in%20force\)%20\(11%20Jun%202015\).pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick_Links/Singapore-Thailand%20DTA%20(Not%20in%20force)%20(11%20Jun%202015).pdf)

## Overseas updates

- *Australia*
    - The Federal Budget was announced on 12 May 2015. The Budget for 2015/2016 introduced two major tax integrity measures. The first measure targets profits earned in Australia and diverted to low-tax jurisdictions. In particular, it is mentioned that the measure will apply to "30 identified multinational companies" that have used the "Double Irish Dutch Sandwich" arrangement to avoid paying Australian tax. The second integrity measure deals with the imposition of GST on supplies of digital products and services by non-residents.
- Our commentary is available at:
- <http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/Tax+Insights+from+ITS+-+Australia+federal+budget+5.13.15.pdf>
- *China*
    - The State Administration of Taxation (SAT) issued an announcement on 16 June 2015 (SAT Gong Gao [2015] No. 45) setting out the administrative rules on cost sharing agreements. The rules apply from the date of issue of the announcement.
    - Cai Shui [2014] No. 109 provides that capital gains on the transfer of shares or other assets need not be recognised where the transferee is wholly owned by the transferor and vice versa, and where both the transfer and transferee are wholly owned by a common resident shareholder. On 27 May 2015, the State Administration of Taxation (SAT) issued SAT Announcement [2015] No. 40, which clarifies the four circumstances in which the above tax deferral and special tax treatment apply. Although SAT Announcement.

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No. 40 mainly addresses the transfer of assets and shares by state-owned enterprises, the SAT expressly stated that it applies to all resident enterprises. The Announcement applies to the tax year 2014 and future years.

Our commentary is available at:

[http://www.pwccn.com/home/eng/chinatax\\_news\\_jun2015\\_24.html](http://www.pwccn.com/home/eng/chinatax_news_jun2015_24.html)

- *European Union*

- On 17 June 2015, the European Commission (EC) presented the Tax Transparency Package 2.0, which sets out a new approach to business taxation. The Package's overall goals are to provide fairer and more efficient taxation and to effectively tackle corporate tax avoidance. In an annex, the EC has listed 30 non-cooperative tax jurisdictions based on criteria including lack of transparency and exchange of information, the presence of harmful tax measures, and the use of low or no tax rate. These include Brunei, Hong Kong and Mauritius.

Our commentary is available at:

<http://click.edistribution.pwc.com/?qs=cd4756a9357836fb3814be126258e938817b2a0b8a3b4b2680e9541155c56fd3>

- *G20:*

- The G20 International Tax Symposium was held on 6-8 May 2015. The symposium provided a platform to discuss the ongoing OECD/G20 Base Erosion and Profit Shifting (BEPS) Action Plan. It included tax matters and issues relevant to developing countries and how they might benefit from the OECD/G20 work on international taxation and other related items.

Our commentary is available at:

<http://click.edistribution.pwc.com/?qs=ee8a3c1966e280f8c2c643dce2fc985bddb9588e4af35936f1b26402288eccfo>

- *Hong Kong*

- The Hong Kong government and regulators are “fully committed to combating money laundering and tax evasion” as evidenced by recordkeeping and information reporting obligations for financial institutions and the criminalisation of tax evasion, the Hong Kong Financial Services and the Treasury Bureau said in a press release on 29 April 2015.

Details are available at :

[http://www.fstb.gov.hk/en/docs/pr20150429a\\_e.pdf](http://www.fstb.gov.hk/en/docs/pr20150429a_e.pdf)

- *India*

- On 11 May 2015, the Indian Central Board of Direct Taxes announced that it would stop issuing new minimum alternative tax demands to foreign institutional investors.

- *Malaysia*

- The Malaysia tax authorities recently announced a tax amnesty programme which is available from 1 May 2015 to 30 November 2015. Penalties will be reduced and tax increases will be waived for the voluntary disclosure and early settlement of tax arrears under the new tax amnesty programme.

Details are available at

[http://www.hasil.gov.my/pdf/pdfam/MEDIA\\_RELEASE\\_PENALTY.pdf](http://www.hasil.gov.my/pdf/pdfam/MEDIA_RELEASE_PENALTY.pdf)

- *Thailand*

- On 7 May 2015, the Cabinet approved the draft Transfer Pricing Act that will introduce specific transfer pricing provisions into the Revenue Code. One of the provisions requires transfer pricing disclosures to be made within 150 days from the year-end closing date (same deadline as corporate tax returns). Failure to comply would result in a penalty of not exceeding Baht 400,000.

Our commentary is available at:

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/Thailand+TP+legislation+05182015+final.pdf>

- *OECD*

- On 8 June 2015, the OECD released the implementation package of a new country-by-country reporting plan developed under the Base Erosion and Profit Shifting (BEPS) Action Plan which consists of model legislation requiring the ultimate parent entity of a multinational group to file the country-by-country report in its jurisdiction of residence. The package also contains three Model Competent Authority Agreements to facilitate the exchange of country-by-country reports among tax administrations.

Our commentary is available at:

<http://click.edistribution.pwc.com/?qs=a399da296e0d40b3effdcea72ed19ebd36be697488f27fe0295857afccfd5395>

- On 4 June 2015, the OECD issued a discussion draft on the arm's length pricing of intangibles when valuation is highly uncertain at the time of the transaction or the intangibles are hard to value. This is part of BEPS Action 8 - Assure that transfer pricing outcomes are in line with value creation: Intangibles.

Our commentary is available at:

<http://click.edistribution.pwc.com/?qs=c637823d280e50cdf2ca5ceda3fd4af4530fca257e548813774cb77bd89462e2>

- On 27 May 2015, the Global Forum on Transparency and Exchange of Information for Tax Purposes published three new peer review reports. With this release, the Global Forum has now completed 186 peer reviews and assigned compliance ratings to 78 jurisdictions that have undergone Phase 2 reviews.
- On 22 May 2015, the OECD published a revised discussion draft on BEPS Action 6 - Prevent Treaty Abuse.

Our commentary is available at:

<http://click.edistribution.pwc.com/?qs=45a4ecae1594f648181b175f1aa062bb8e1b9e12e10438f75c7c7ce58dob6fac>

- On 15 May 2015, the OECD published a revised discussion draft on BEPS Action 7 - Prevent the Artificial Avoidance of PE Status.

Our commentary is available at:

<http://click.edistribution.pwc.com/?qs=b8f02abo2e3c3dcoe6afb95dfafe75cf313aofd4c4d97b85f240a635ee43e7>



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- *Switzerland*
    - The Swiss Supreme Court on May 5 delivered its long-awaited judgment in a case concerning the application of the tax treaty concept of beneficial ownership to total return swaps (TRS) agreements entered into by a Danish resident bank.  
  
Our commentary is available at  
[http://www.pwc.com/es\\_MX/mx/impuestos/archivo/20150519-gx-swiss-federal-supreme-court-rules.pdf](http://www.pwc.com/es_MX/mx/impuestos/archivo/20150519-gx-swiss-federal-supreme-court-rules.pdf)
  - *US:*
    - On May 20, 2015, the US Treasury released proposed revisions to the US model income tax convention. The Model serves as a template for future US tax treaties and protocols. Additionally, revisions to the Model may influence the international community's discussion of approaches to treaty abuse and harmful tax practices with respect to the OECD's ongoing work regarding BEPS.  
  
Our commentary is available at:  
<http://click.edistribution.pwc.com/?qs=0299fc779ba787459408613116b49040f10738c5b2ed89499276c6c3dbf797f4>

## *Asia Pacific Tax Notes 2015*

This issue features an overview of the OECD's work on the BEPS project to date, highlights the impact of the BEPS project on domestic tax policy settings and global collaboration between tax authorities and a round-up of fiscal policies introduced by governments in the region.

Download your free copy at:

<http://read.pwc.com/i/514254-asia-pacific-tax-notes-2015>

## *International Tax News*

Among the key topics featured in June are:

- New international tax measures in Canada's federal budget release
- New Zealand's proposed changes to the non-resident withholding tax rules
- OECD BEPS proposals on intangibles cost contribution arrangements
- US Internal Revenue Service provides guidance on CFC loans in relation to Notice 88 - 108

Details are available at:

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

Among the key topics featured in May edition are:

- The proposed amendments to the Brazilian tax legislation regarding withholding tax on dividend payments
- The United Kingdom Finance Act of 2015
- The OECD BEPS proposals regarding controlled foreign companies
- Swiss Corporate Tax Reform III

Details are available at:

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

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