Tax Newsbites

PwC Singapore
Tax Services

Singapore updates

Tax updates for the period

1 November 2015 to 11 December 2015

- *Singapore: Sovereignty, Society, Substance, Success*
  - PwC launched a paper on 19 November 2015 that makes recommendations to reform Singapore's tax system.

    Details are available at:
    http://www.pwc.com/sg/en/publications/tax-policy-white-paper.html

- *Draft Income Tax Amendment bill*
  - The Ministry of Finance (MOF) has accepted 31 of 70 consultation suggestions on the draft Income Tax (Amendment) Bill 2016. Some of the feedback received include comments on the Mergers & Acquisitions scheme, the Double Tax Deduction for Internationalisation Scheme, the International Growth scheme, and the Maritime Sector Incentive.
  - As part of its response to the feedback, MOF also indicated that it will include a statutory prohibition on disclosing legally privileged information under the US Foreign Account Tax Compliance Act (FATCA).

    Details are available at:
    http://www.mof.gov.sg/news-reader/articleid/1553/parentId/59/year/2015?category=Press%20Releases

- *Temporary Employment Credit*
  - The Inland Revenue Authority of Singapore (IRAS) updated its website content to clarify that the Temporary Employment Credit is taxable as the payout is revenue in nature.

    Details are available at:
    https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Taxable-and-Non-Taxable-Income/Tax-Treatment-of-Grants/-Payouts-Commonly-Received-by-Companies/

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- *Productivity and Innovation Credit (PIC) Cash Payout*
  - The IRAS updated its website content to clarify the tax treatment of PIC cash payout on expenditure incurred on PIC IT and automation equipment constructed over two or more years of assessment (YAs) and intellectual property registered over two or more YAs.

    Details are available at:
    https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Businesses/Tax%20Treatment%20for%20Straddled%20Items.pdf

- *Real Estate Investment Trusts (REITs)*
  - The IRAS issued a revised circular on the income tax treatment of REITs on 3 November 2015. The revisions include:
    - removal of the condition for not allowing the trustee to distribute any gain from disposal of immovable properties or shares until the Comptroller of Income Tax agrees on the nature and taxability of the gain
    - removal of the condition requiring the manager and trustee to jointly undertake not to distribute any gain arising from the disposal of any immovable properties or shares until the Comptroller of Income Tax agrees on the nature of the gain.

    Details are available at:
    https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_CIT_REITs.pdf

- *Goods and Services Tax (GST)*
  - The IRAS issued a revised circular on "Assisted Self-help Kit (ASK) Annual Review Guide" (Fourth Edition).

    Details are available at:
    https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/GST_ASK%20Annual%20Review%20Guide.pdf

  - The IRAS issued a revised circular on "GST Guide on Attribution of Input Tax (Third Edition) which explains how a partially exempt business should attribute its input tax and also clarifies when input tax may be considered to be "directly attributable" to a supply.

    Details are available at:
    https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_GST_GST%20Guide%20on%20Attribution%20of%20Input%20Tax.pdf

Overseas updates

- *Singapore –Russia Avoidance of Double Taxation Agreement (DTA)*
  - Singapore and Russia signed a Protocol on 17 November 2015 to amend the existing Singapore-Russia DTA. Amongst other changes, the protocol lengthens the threshold period for determining the presence of a permanent establishment and lowers the withholding tax rates for dividends, interest and royalties. These changes are expected to enhance trade and investment flows between the two countries. The Protocol has not been ratified and is not yet in force.

    Details are available at:
    https://www.iras.gov.sg/irashome/News-and-Events/Newsroom/Media-Releases-and-Speeches/Media-Releases/2015/Singapore-and-Russia-Revise-Agreement-for-the-Avoidance-of-Double-Taxation/

- *Australia*
  - The Australian Parliament approved the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015 on 3 December 2015, which aims to clamp down on certain multinational companies from entering into arrangements to avoid paying Australian tax.

    Details are available at:
    http://www.pwc.com.au/tax/taxtalk/assets/alerts/taxtalk-alert-tax-controversy-04dec15-2.pdf

- *Taiwan*
  - Taiwan's Legislative Yuan on 17 November 2015 repealed a controversial capital gains tax on share trades by active investors before the tax ever entered into force. With the repeal of the CGT, the existing 0.3% securities transaction tax (STT) will remain the primary tax imposed on stock market investors.

International Tax News

Among the key topics featured in November are:

- Brazil's changes to the calculation basis and withholding tax rates applicable to interest in net equity payments
- The localisation of BEPS Actions in China
- A practical and business friendly implementation of the updated EU Parent-Subsidiary Directive in Dutch law
- New EU Case Law regarding dividend payments in France.

Details are available at:
http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-november-2015.pdf

Contacts

If you would like to discuss any of the issues raised, please get in touch with your usual PwC contact or any of the individuals listed here:

Tax Leader

Chris Woo
chris.woo@sg.pwc.com
+65 6236 3688

Corporate Tax

Sunil Agarwal
Technology, Media, Telecommunication
sunil.agarwal@sg.pwc.com
+65 6236 3798

Chai Sui Fun
Transfer Pricing
sui.fun.chai@sg.pwc.com
+65 6236 3758

Charles Collett
Value Chain Transformation
charles.a.collett@sg.pwc.com
+65 6236 7224

Liam Collins
Financial Services, International Tax Services
liam.collins@sg.pwc.com
+65 6236 7248

Paul Cornelius
Energy, Utilities & Mining
paul.cornelius@sg.pwc.com
+65 6236 3718

Andrew Fairfoull
Value Chain Transformation
andrew.fairfoull@sg.pwc.com
+65 6236 4878

Nicole Fung
Transfer Pricing
nicole.fung@sg.pwc.com
+65 6236 3618

Abhijit Ghosh
Healthcare & Pharmaceutical, India Desk
abhijit.ghosh@sg.pwc.com
+65 6236 3888

Mahip Gupta
International Tax Services
mahip.gupta@sg.pwc.com
+65 6236 3642

Jun Igarashi
Transfer Pricing, Japan Desk
jun.igarashi@sg.pwc.com
+65 6236 7482

Anuj Kagalwala
Financial Services, Asset Management
anuj.kagalwala@sg.pwc.com
+65 6236 3822

Paul Lau
Financial Services
paul.st.lau@sg.pwc.com
+65 6236 3733

Lennon Lee
Treasury, Consumer & Retail, China Desk
lennon.kl.lee@sg.pwc.com
+65 6236 3728

Carrie Lim
Financial Services
carrie.cl.lim@sg.pwc.com
+65 6236 3650

Lim Hwee Seng
Mergers & Acquisitions
hwee.seng.lim@sg.pwc.com
+65 6236 3118

Lim Maan Huey
Financial Services, Treasury
maan.huey.lim@sg.pwc.com
+65 6236 3702

Florence Loh
Consumer & Retail
florence.ch.loh@sg.pwc.com
+65 6236 3368

Elaine Ng
Transport & Logistics
elaine.ng@sg.pwc.com
+65 6236 3627

Ng Wei Pheng
Real Estate & Hospitality
wei.pheng.ng@sg.pwc.com
+65 6236 3663

Shantini Ramachandra
Stamp Duties
shantini.ramachandra@sg.pwc.com
+65 6236 3823

Cassandra Soon
Transfer Pricing
cassandra.s.soon@sg.pwc.com
+65 6236 3925

Tan Boon Foo
International Tax Services
boon.foo.tan@sg.pwc.com
+65 6236 3632

Tan Ching Ne
Technology, Media, Telecommunication, Research & Development
ching.ne.tan@sg.pwc.com
+65 6236 3608

T an Hui Cheng
Financial Services
hui.cheng.tan@sg.pwc.com
+65 6236 7557

Tan Tay Lek
Conglomerates & Industrial Products
tay.lek.tan@sg.pwc.com
+65 6236 3768

Thomas Tham
Tax Compliance Services
thomas.tham@sg.pwc.com
+65 6236 3661

Teo Wee Hwee
Real Estate & Hospitality
wee.hwee.teo@sg.pwc.com
+65 6236 7618

Sarah Wong
Mergers & Acquisitions
sarah.wc.wong@sg.pwc.com
+65 6236 3838

Yip Yoke Har
Insurance
yoke.har.yip@sg.pwc.com
+65 6236 3938

Indirect Tax (Goods and Services Tax)

Koh Soo How
soo.how.koh@sg.pwc.com
+65 6236 3600

Seow Seok Hong
seok.hong.seow@sg.pwc.om
+65 6236 3697

International Assignment Services

James Clemence
james.clemence@sg.pwc.com
+65 6236 3948

Margaret Duong
margaret.duong@sg.pwc.com
+65 6236 3958

Sakaya Johns Rani
sakaya.johns.rani@sg.pwc.com
+65 6236 3648

Ooi Geok Eng
geok.eng.ooi@sg.pwc.com
+65 6236 7205

Girish Vikas Naik
girish.vikas.naik@sg.pwc.com
+65 6236 3915

Worldtrade Management Services (Customs and International Trade)

Frank Debets
frank.debets@sg.pwc.com
+65 6236 7302

Legal Services

Legal services are provided by Camford Law Corporation. Camford Law Corporation is part of the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Irving Aw
irving.aw@camfordlaw.com
+65 6597 3340