



### *Singapore updates*

*Tax updates for the  
period*

*1 December 2015  
to 15 February  
2016*

- *Revenue legislation updates*
  - The following bills were published in the Government Gazette website on 25 January 2016:
    - Income Tax (Amendment) Bill 2016;
    - Income Tax (Exchange of Information Arrangement) Order 2016; and
    - Goods and Services Tax (Amendment) Bill 2016.
- *Exchange of information*
  - The Income Tax (Exchange of Information Arrangement) Order 2016 was issued on 21 January 2016 and comes into operation on 1 May 2016, giving effect to the Convention on Mutual Administrative Assistance in Tax Matters by declaring it to be an exchange of information arrangement under the Income Tax Act (along with reservations made by Singapore).
- *Budget 2016*
  - The MOF has launched the 2016 Budget feedback exercise.

Details are available at:

[http://www.singaporebudget.gov.sg/budget\\_2016/home.aspx](http://www.singaporebudget.gov.sg/budget_2016/home.aspx)

PwC's Budget proposals:

<http://www.pwc.com/sg/en/budget-2016.html>

- *Productivity and Innovation Credit (PIC) scheme*
  - The IRAS added a Frequently Asked Question (FAQ) to clarify that for companies, qualifying expenditure incurred on training attended by a director who is also a shareholder will qualify for PIC enhanced deductions/ cash payout if this person is an employee of the company. However, directors who are also shareholders will not be considered a local employee for the purpose of meeting the three-local-employee condition to qualify for PIC cash payout option.

Details are available at:

<https://www.iras.gov.sg/irashome/Schemes/Businesses/Productivity-and-Innovation-Credit-Scheme/Six-Qualifying-Activities-under-PIC/Training-of-Employees/>

- *Foreign tax credit*
  - The IRAS added a new FAQ to clarify that India's Dividend Distribution Tax (DDT) does not qualify for foreign tax credit.

Details are available at:  
<https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Claiming-Reliefs/Foreign-Tax-Credit/>
- *Goods and Services Tax (GST)*
  - The Goods and Services Tax (Amendment) Bill 2016, when enacted, will allow the Comptroller of Goods and Services Tax to bar tourists and non-resident individuals who fail to repay a tourist refund wrongly claimed under the Tourist Refund Scheme, from leaving the country.
  - The IRAS updated its website content on the Major Exporter Scheme (MES) to include information on easing compliance using the TradeXchange Repository service.

Details are available at:  
<https://www.iras.gov.sg/irashome/GST/GST-registered-businesses/GST-schemes/General-GST-Schemes/Major-Exporter-Scheme--MES-/>
- *Withholding tax*
  - The IRAS clarified on its website that payments made to non-resident persons for the rental of movable equipment used in overseas trade fairs and exhibitions are not subject to withholding tax.

Details are available at:  
<https://www.iras.gov.sg/irashome/Other-Taxes/Withholding-tax/Non-resident-companies/Payments-That-Are-Subject-to-Withholding-Tax/#title8>

## *Double taxation agreements (DTAs)*

- *Singapore tax treaties*
    - The Singapore-Luxembourg DTA was ratified and entered into force on 28 December 2015. This treaty replaces the existing agreement. However, the tax sparing relief provisions of article 23(1)(c) of the 1993 treaty will continue to apply for five years from the date the new treaty takes effect.

Details are available at:  
[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick\\_Links/Singapore-Luxembourg%20DTA%20\(Ratified\)%20\(28%20Dec%202015\).pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick_Links/Singapore-Luxembourg%20DTA%20(Ratified)%20(28%20Dec%202015).pdf)

  - Singapore's respective tax treaties with Ecuador, San Marino and Seychelles were ratified and entered into force on 18 December 2015. The DTAs provide clarity on tax matters and eliminate double taxation relating to cross-border transactions between Singapore and the respective contracting jurisdictions
- Details are available at:  
<https://www.iras.gov.sg/irashome/News-and-Events/Newsroom/Media-Releases-and-Speeches/Media-Releases/2015/Singapore-s-Avoidance-of-Double-Taxation-Agreements-with-Ecuador--San-Marino-and-Seychelles-Come-into-Force/>

## Overseas updates

- *Australia*

- The Australian government released a National Innovation & Science Agenda on 7 December 2015 that contains a range of tax-related measures and incentives to encourage innovation. These include increasing access to company losses through relaxation of the same business test, changes to Venture Capital Limited Partnerships, new tax incentives for investors, change to the tax deduction period for investments in intangible assets, and reforms to the Employee Share Schemes.

Details are available at:

<https://pwc.docalytics.com/v/innovation-statement>

- The Australia Taxation Office (ATO) has issued law companion guideline 2015/3 to provide details about its plans to apply measures in Schedule 4 of the Tax Laws Amendment (Combating Multinational Tax Avoidance) Act 2015 (No. 170, 2015) that implement OECD standards for transfer pricing documentation and country-by-country reporting. According to the guideline released on 17 December 2015, the ATO will impose a lower filing threshold for transfer pricing documentation than that recommended by the OECD, but will consider exemption requests based on taxpayers' risk profiles and compliance burdens.

- *EU*

- The European Union (EU) Commission presented an anti-tax avoidance package on 28 January 2016 that proposes the introduction of various measures to counter aggressive tax planning, including adopting the minimum standards based on recommendations from the OECD's Base Erosion and Profit Shifting (BEPS) deliverables, as well as additional proposals such as exit taxation and minimum level of taxation on third country income.

Details are available at

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/pwc-european-commission-proposes-anti-tax-avoidance-package.pdf>

- *Hong Kong*

- The Hong Kong government has published in its gazette the Inland Revenue (Amendment) (No 4) Bill 2015, which would change interest deduction rules for intragroup financing and introduces a concessionary profits tax rate for qualifying corporate treasury centres.

Details are available at:

[http://www.pwchk.com/home/eng/hktax\\_news\\_dec2015\\_12.html](http://www.pwchk.com/home/eng/hktax_news_dec2015_12.html)

- *India*

- The Indian Authority for Advance Rulings (IAAR) in a ruling dated 11 January 2016, upheld application of the capital gains exemption under the India-Mauritius tax treaty to a transfer of shares of an Indian company from Mauritius to Singapore.

Details are available at:

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/pwc-cap-gains-exemption-in-india-mauritius-treaty-applied.pdf>

- *Malaysia*
  - The Inland Revenue Board (IRB) released Public Ruling 09/2015 on 3 December 2015 to clarify the tax rules for loan transactions between related persons.
  - The IRB released a public ruling 10/2015 on 16 December 2015 to explain the tax treatment of a Malaysian-resident investment (real estate) holding company.
- *US*
  - The U.S. Treasury Department and the IRS have released highly anticipated proposed regulations (REG-109822-15) that, if finalized, would require country-by-country reporting as recommended in the OECD's report on action 13 (transfer pricing documentation) of the base erosion and profit-shifting project.

Details are available at:

<http://www.pwc.com/gx/en/services/tax/newsletters/pricing-knowledge-network/irs-releases-proposed-cbcr-regulations.html>

## *International Tax News*

Among the key topics featured in February 2016 are:

- New rules and BEPS-inspired measures in France
- Korean tax law changes for 2016
- US tax extender and government funding legislation
- IP Box alignment with BEPS Action 5 in Cyprus

Details are available at:

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/pwc-international-tax-news-february-2016.pdf>

Among the key topics featured in January 2016 are:

- The 2015 Irish Finance Bill
- The OECD's final report on BEPS Action 4
- The UK tax authority's updated guidance on the Diverted Profits Tax
- Kenya reintroduces capital gains tax on transfers of Kenyan property

Details are available at:

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/pwc-international-tax-news-january-2016.pdf>

Among the key topics featured in December 2015 are:

- Kuwait's new incentives for foreign investors.
- Proposed additional tax measures in Luxembourg.
- HMRC consultation on rules for revised UK patent box.
- The OECD recommendations on BEPS proposals for G20.

Details are available at:

<http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/pwc-international-tax-news-december-2015.pdf>

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