

Tax updates for the period
15 April 2016 to
31 May 2016

Tax Newsbites

PwC Singapore | Tax Services

Singapore updates

Double tax deduction for issuance cost of retail bonds

- The Monetary Authority of Singapore announced concession on tax deduction of up to 200% for issuance costs attributable to retail bonds issued under the Bond Seasoning Framework and Exempt Bond Issuer Framework.

Non-taxation of companies' gains on disposal of equity investments

- The Inland Revenue Authority of Singapore (IRAS) updated its website to reflect the extension of the exemption under section 13Z till 31 May 2022, as announced in Budget 2016.

Details are available at:

<https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Taxable-and-Non-taxable-Income/#title4>

Double tax deduction for internationalisation scheme

- IRAS has added information on the scheme, including the extension of the scheme till 31 March 2020, as announced in Budget 2016.

Details are available at:

<https://www.iras.gov.sg/irashome/Schemes/Businesses/Double-Tax-Deduction-for-Internationalisation-Scheme/>

Double Taxation Agreements

Cambodia-Singapore tax treaty

- Singapore and Cambodia signed a tax treaty on 20 May 2016. It clarifies the taxing rights of both countries on all forms of income flows arising from cross-border business activities, and minimises the double taxation of such income. The treaty has not yet been ratified and does not have the force of law.

Details are available at: <https://www.iras.gov.sg/irashome/News-and-Events/Newsroom/Media-Releases-and-Speeches/Media-Releases/2016/Singapore-and-Cambodia-Sign-Agreement-for-Avoidance-of-Double-Taxation/>

India-Mauritius tax treaty

- The Protocol to India's tax treaty with Mauritius has been signed. It mainly gives India taxing rights to capital gains for investments acquired on or after 1 April 2017 and introduces a "Limitation of Benefits" article. This will affect the capital gains tax treatment under the Protocol to the India-Singapore treaty as it is linked to the India-Mauritius tax treaty.

Details are available at: <http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-india-mauritius-treaty-protocol-adds-source-based-tax-on-shares.pdf>

Overseas updates

Australia

- The Australian Federal Budget 2016-17 was announced on 3 May 2016.

Details are available at: <http://www.pwc.com.au/federal-budget-2016.html>

India

- The Central Board of Direct Taxes has issued an instruction dated 2 May 2016, providing that income from transfer of unlisted shares (for which no formal market exists for trading) would be treated as 'capital gains' irrespective of period of holding.

Details are available at: https://www.pwc.in/assets/pdfs/news-alert-tax/2016/pwc_news_alert_4_may_2016_cbd_t_clarification_that_income_loss_arising_from_transfer_of_unlisted_shares.pdf

- The Pune bench of the Income-tax Appellate Tribunal held on facts that treaty benefits could not be denied to a Singapore tax resident company in respect of royalty and interest income if it was the beneficial owner, and the income had been remitted to Singapore, though in a subsequent year, and offered to be tax in Singapore.

Details are available at: <http://www.pwc.in/assets/pdfs/news-alert-tax/2016/pwc-news-alert-4-may-2016-pune-tribunal-provides-relief-to-singapore-tax-resident-company.pdf>

Malaysia

- The Inland Revenue Board of Malaysia on 9 May 2016 released Public Ruling 2/2016 explaining the rules for tax incentives for the venture capital industry.

UK

- On 14 April 2016, the UK Supreme Court ruled in favour of the HMRC in a tax avoidance case. It denied an appeal by Eclipse Film Partners No. 35 LLP, finding that a film investment scheme was an investment rather than a trading venue and was therefore ineligible for £635 million in film tax relief.

International Tax News

Among the key topics featured in May 2016 are:

- The 2016 Canadian Federal Budget
- The UK Budget and Finance Bill's new international and business tax measures
- Portugal's 2016 State Budget Law
- Improvements to China's administrative measures for high and new technology enterprises

Details are available at: <http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-may-2016.pdf>



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