

Tax Newsbites

PwC Singapore | Tax Services

Singapore updates

Income Tax (Amendment No. 3) Bill 2016

The Income Tax (Amendment No. 3) Bill 2016 was published on 10 October 2016. Changes from the earlier drafts relate mainly to those made in response to public feedback and editorial changes to clarify certain provisions.

Common Reporting Standard (CRS)

Summary of Responses

Ministry Of Finance (MOF), Monetary Authority of Singapore (MAS) and Inland Revenue Authority of Singapore (IRAS) have accepted all relevant suggestions and revisions will be made to the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016. Most of the accepted feedback received focused on:

- Reportable Jurisdictions and Participating Jurisdictions
- Excluded Accounts
- Due Diligence Obligation.

Details are available at:

https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/News_and_Events/Annex-Summary%20of%20Key%20Feedback_CRS.pdf

Singapore signed Arrangements for Automatic Exchange of Financial Account Information with Australia, Japan, the Republic of Korea and the UK

In September 2016 and October 2016, IRAS entered into Competent Authority Agreements on the automatic exchange of financial account information (AEOI) based on the OECD's Common Reporting Standard (CRS). The agreements have not yet been ratified and do not have the force of law. The first exchange is expected to commence by September 2018.

Details are available at:

<https://www.iras.gov.sg/irashome/CRS/>

Base Erosion and Profit Shifting (BEPS)

Country-by-Country Reporting (CbCR) implementation guidance

The IRAS issued a circular on CbCR which provides detailed implementation guidance in Singapore. This comes as part of Singapore's commitment to implement the four minimum standards under the inclusive framework under the Organisation for Economic Co-operation and Development (OECD) BEPS Project.

Our commentary is available at: <http://www.pwc.com/sg/en/tax-bulletin/assets/taxbulletin201610.pdf>

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax Guides/etaxguide Income%20Tax Country-by-Country%20Reporting.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax%20Guides/etaxguide%20Income%20Tax%20Country-by-Country%20Reporting.pdf)

Transfer Pricing

Related Party Transaction reporting form

IRAS will be introducing a new RPT reporting requirement for companies with effect from Year of Assessment 2018. Sample form is available at

<https://www.siatp.org.sg/images/PDF/sample%20rpt%20form.pdf>

Details available at:

<https://www.siatp.org.sg/images/PDF/rpt%20form%20information.pdf>

Charities / IPC

Related expenses incurred only because of the services provided to the IPCs

IRAS updated its website to clarify what is meant by "Related expenses incurred only because of the services provided to the IPCs". IRAS also added new FAQs to clarify whether certain types of expenditure incurred by businesses in the process of volunteering is considered qualifying expenditure under BIPS.

Details available at:

<https://www.iras.gov.sg/irashome/Schemes/Businesses/Business-and-IPC-Partnership-Scheme--BIPS-/>

Inward Re-Domiciliation Regime

Proposed Legislative Changes to Introduce an Inward Re-Domiciliation Regime in Singapore

The MOF and ACRA issued a consultation paper for feedback on proposed legislative changes to introduce an Inward Re-Domiciliation Regime in Singapore. The consultation closed on 16 November 2016. The proposed amendments will form part of a larger Companies (Amendment) Bill.

Details available at:

<http://www.mof.gov.sg/news-reader/articleid/1710/parentid/59/year/2016?category=Press>

Tax Cases

GBG v The Comptroller of Income Tax [2016] SGITBR 2

On 7 October 2016, the Income Tax Board of Review dismissed the Appellant's claim for deduction of standby credit facility fees on the basis that they were capital in nature. Our commentary will follow separately.

Overseas updates

Australia

- The Australian government on 29 November 2016, released exposure draft (ED) legislation and a draft explanatory memorandum (EM) for the Australian diverted profits tax (DPT) rules. There are considerable differences from the UK DPT. For example, the DPT can apply to financing arrangements. The scope appears to be very broad, and requires prompt attention.

The final date for submissions regarding the ED and EM is 23 December 2016.

Details are available at:

<https://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-australia-releases-draft-diverted-profits-tax-rules.pdf>

Hong Kong

- On 9 September 2016, the Inland Revenue Department issued Departmental Interpretation and Practice Notes No. 52 (“Taxation of Corporate Treasury Activity”) which sets out the Department’s interpretation and practice in relation to the relevant provisions in the Inland Revenue (Amendment) (No. 2) Ordinance 2016. The Practice Note explains the conditions under which interest deduction claims could be allowed by virtue of section 16(2)(g) of the Inland Revenue Ordinance and how a corporate treasury centre can obtain the half rate concession under section 14D(1).

PwC's newsletter is available at:

http://www.pwchk.com/home/eng/hktax_news_sep2016_9.html

Details are available at:

http://www.ird.gov.hk/eng/pdf/e_dipn52.pdf

- On 26 October 2016, the HKSAR Government launched a public consultation on implementing measures to counter BEPS in Hong Kong. The BEPS consultation paper issued by the HKSAR Government indicates that it will focus on the four minimum standards for implementing the BEPS package identified by the OECD and measures that are of direct relevance to their implementation. The HKSAR Government has set out in the consultation paper proposals related to the following priority areas: (1) transfer pricing (TP) regulatory regime; (2) TP documentation and country-by-country reporting; (3) anti-treaty abuse rules in CDTAs; (4) multilateral instrument; and (5) other related matters, namely a statutory cross-border dispute resolution mechanism, spontaneous exchange of information on tax rulings and enhancement to the tax credit system.

Details are available at:

http://www.pwchk.com/webmedia/doc/636136218618781441_hktax_news_nov2016_10.pdf

OECD

- The OECD, on 24 November 2016, published the multilateral instrument for implementing BEPS in tax treaties. The multilateral instrument has two main goals. First, to transpose a series of tax treaty measures from the OECD BEPS project into existing bilateral and multilateral tax agreements. Second, to set a new standard for mandatory binding arbitration in relation to resolving double tax disputes.

Details are available at:

<https://www.pwc.com/gx/en/tax/newsletters/tax-policy-bulletin/assets/pwc-oecd-publishes-multilateral-instrument-for-implementing-beps.pdf>

Thailand

- Thailand has revamped its incentive regimes, creating a new international headquarters company regime, with add-on benefits for treasury centers (TCs), and an international trading center (ITC) regime. The most prominent incentives include a full corporate income tax exemption on qualifying income for 15 years, withholding tax exemptions, and other non-tax benefits.

Details are available at:

<http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-thailand-headquarters-foreign-trading-treasury-incentives.pdf>

United States

- The results of the 2016 elections for control of the White House and Congress will have a significant impact on the direction of tax reform over the next four years. President-elect Trump has stated that one of his top priorities is comprehensive tax reform to significantly lower individual and business tax rates.

Details are available at:

<https://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-election-may-provide-opportunities-for-major-tax-law-changes.pdf>

International Tax News

Among the key topics featured in September 2016 are:

- The taxation of capital gain on the sale of shares in Madagascar
- New Korean tax reform proposals
- Luxembourg's proposed 2017 tax measures
- OECD continues BEPS implementation

Details are available at:

<http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-september-2016.pdf>

Among the key topics featured in October 2016 are:

- European Commission finds that Ireland has granted unlawful State aid to Apple
- Belgium's proposal for a corporate tax reform
- Brazil releases Public Consultation on mutual agreement procedures

Details are available at:

<http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-october-2016.pdf>

Among the key topics featured in November 2016 are:

- Proposed Canadian tax legislation
- Netherlands' amendments to interest deductibility provisions
- New Zealand's proposals to address hybrid mismatch arrangements

Details are available at:

<https://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-november-2016.pdf>



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