Tax updates for the period
1 March 2017 to
14 April 2017

# Tax Newsbites

PwC Singapore | Tax Services

## Singapore updates

### *Revision of Annual Revenue Threshold for Waiver*

To reduce compliance costs, the Inland Revenue Authority of Singapore (IRAS) has revised the tax-filing process for companies by increasing the annual revenue threshold for estimated chargeable income (ECI) waiver and filing Form C-S from the current $1 million to $5 million.

ECI
https://www.iras.gov.sg/irashome/Businesses/Companies/Filing-Estimated-Chargeable-Income--ECI-/Companies-That-Do-Not-Need-to-Submit-Estimated-Chargeable-Income--ECI-/

Form C-S
https://www.iras.gov.sg/irashome/Businesses/Companies/Filing-Taxes--Form-C-S-Form-C-/Overview-of-Form-C-S/-C/

### *Stamp Duties*

The Stamp Duties (Amendment) Act 2017 was gazetted on 21 March 2017 and is deemed to have come into operation on 11 March 2017. Section 22 of the Stamp Duties Act has been amended such that from 11 March 2017, the execution of a sale and purchase agreement for shares will now be subject to stamp duty. A new stamp duty known as the additional conveyance duty (ACD) has also been introduced. ACD will apply to certain qualifying acquisitions and dispositions of equity interests in residential property holding entities (PHE) on or after 11 March 2017. An entity could be a company, partnership (including limited partnership) or property trust.

### *Consultation on the Proposed Framework for Singapore Variable Capital Company (S-VACC)*

The Monetary Authority of Singapore (MAS) announced the public consultation of the S-VACC legislation on 23 March 2017.

Details are available at: http://www.pwc.com/sg/svacc

### *Introduction of an Inward Re-domiciliation Regime*

The Companies (Amendment) Act 2017 was gazetted on 31 March 2017. Part of the amendments incorporate the proposed inward re-domiciliation rules, under which foreign corporations may transfer their registration to Singapore.

### *Transparency in Beneficial Ownership of Singapore companies and LLPs*

The Limited Liability Partnerships (Amendment) Act 2017 was gazetted on 30 March 2017. The amendments are aligned with the changes in the Companies (Amendment) Act 2017, which seek to improve transparency in beneficial ownership of Singapore companies and limited liability partnerships.

# *Overseas updates*

### *China*

- China's revised transfer pricing rules will disallow royalties paid to foreign cash boxes or intellectual property holding companies and carefully scrutinise single-function distributors or service providers that report a taxable loss.

  Details are available at:
  http://www.taxnotes.com/worldwide-tax-daily/international-taxation/chinas-new-transfer-pricing-rules-target-losses-royalties/2017/04/05/jp45

- The China State Administration of Taxation (SAT) recently concluded the first advance pricing agreement for a cost sharing agreement (CSA-APA) with a Fortune 500 enterprise in Guangdong Province. The successful signing of the first CSA-APA is an important milestone in terms of administration of transfer pricing for intangibles.

  Our commentary is available at:
  http://www.pwc.com/gx/en/tax/newsletters/pricing-knowledge-network/assets/pwc-tp-china-first-csa-apa.pdf

### *Hong Kong*

- The Hong Kong government's Financial Services and the Treasury Bureau (FSTB) plans to introduce an amendment bill relating to the 'Proposed extension of profits tax exemption to onshore privately offered open-ended fund companies', which is aimed at maintaining Hong Kong's position as an attractive location for fund management amidst planned reforms to comply with the Base Erosion and Profit Shifting package of the Organisation for Economic Co-operation and Development (OECD).

- The Hong Kong Government gazetted the Inland Revenue (Amendment) (No. 2) Bill 2017 on 10 March 2017, which introduces a concessionary tax regime for the aircraft financing and leasing businesses (the concessionary tax regime) in Hong Kong. In the attached news flash, PwC Hong Kong highlights the concessionary tax treatment, the qualifying conditions and anti-abuse rules that need to be observed, together with observations on the new regime.

  Details are available at:
  http://www.pwchk.com/en/services/tax/publications/hongkongtax-news-mar2017-4.html

### *Organisation for Economic Co-operation and Development (OECD)*

The OECD has published additional guidance on the implementation of country-by-country reporting under action 13 of the base erosion and profit shifting plan, clarifying interpretation issues regarding data to be included in country-by-country reports.

Details are available at:
http://www.oecd.org/tax/beps/guidance-on-the-implementation-of-country-by-country-reporting-beps-action-13.htm

### *United Kingdom (UK)*

- The Chancellor delivered the Budget announcement on 8 March 2017. The budget reaffirms the new government's commitment to previously announced measures, including cutting the corporate tax rate to 17%, changing the interest deductibility and loss relief rules, and simplifying the UK participation exemption (i.e. the substantial shareholdings exemption).

  Our commentary is available at:
  http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-uk-2017-budget-reaffirms-previously-announced-measures.pdf

- UK introduced a new limitation on the deductibility of interest expense from corporate profits in its draft UK Finance Bill 2017, which was published in early December 2016. The rules, which were further amended on 26 January 2017 will apply to amounts accruing after 1 April 2017. The rules limit a UK group's ability to deduct interest to the lower of a defined percentage of taxable earnings before interest, taxes, depreciation and amortisation (EBITDA) and the group's worldwide consolidated net interest expense. This will significantly restrict the ability of many groups to offset UK net interest expense against UK taxable profits.

  Our commentary is available at:
  http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-uk-introduces-new-limitation-on-interest-deductibility.pdf

# *International Tax News*

Among the topics featured in this month's edition are:

- Israeli budget reduces corporate tax rates and expands corporate tax incentives
- Portugal's 2017 state budget law
- Further increase of the Austrian research premium
- The US IRS Rev. Proc. 2017-23, Process for filing form 8975, country by country report.

Details are available at:
http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-march-2017.pdf

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