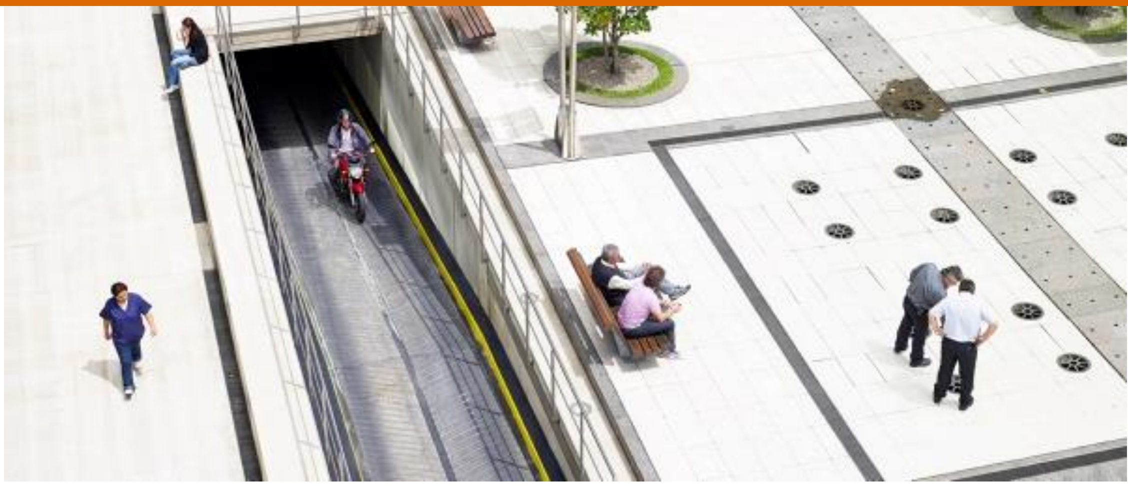
Tax Newsbites

PwC Singapore Tax Services



Singapore updates

Tax updates for the period

1 July 2015 to 31 July 2015

- *Draft Goods and Services Tax (Amendment) Bill 2015*
  - The Ministry of Finance (MOF) issued the draft Goods and Services Tax (Amendment) Bill 2015 for public consultation on 13 July 2015. The proposed amendments relate to existing Goods and Services Tax (GST) policies and administration, and result from on-going reviews of the GST system.

    Details are available at:
    http://www.mof.gov.sg/Public-Consultation/Public-Consultation-Closed/2015/Public-Consultation-on-Draft-Goods-and-Services-Tax-Amendment-Bill-2015

- *Mergers and Acquisitions (M&A) scheme*
  - A third edition of the IRAS circular on "Income Tax & Stamp Duty: Mergers and Acquisitions Scheme" was issued on 13 July 2015. The circular was revised to reflect refinements to the M&A scheme as announced in Budget 2015, and the revisions to the administrative requirements concerning the submission of independent valuations report with effect 13 July 2015.

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

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Overseas updates

- *Australia*
  - The Administrative Appeals Tribunal of Australia held in *Kamal Jayasinghe v. Commissioner* [2015] AATA 456 that an Australian resident's foreign-source income from serving as the manager of a United Nations-administered project in Southern Sudan is exempt from income tax under the International Organisations (Privileges and Immunities) Act 1963.

- *China*
  - On 19 June 2015, the State Administration of Taxation (SAT) issued an announcement (SAT Gong Gao [2015] No. 47) clarifying that with effect from 19 July 2015, the interest derived by an overseas branch of a Chinese bank from Chinese entities is not subject to withholding tax. However, if an overseas bank branch collects interest on behalf of a non-resident enterprise, then the Chinese payers of interest have to withhold enterprise income tax when the interest is transferred to the overseas bank branch.

- *Hong Kong*
  - The government gazetted the Inland Revenue (Amendment) (No. 2) Ordinance 2015 (the Ordinance) on 17 July 2015, extending profits tax exemption for offshore funds to private equity funds. The Ordinance will take retrospective effect, applying in respect of tax chargeable for any year of assessment commencing on or after 1 April 2015.

    Details are available at:
    http://www.pwchk.com/webmedia/doc/635729817396127638_pe_tax_news_jul2015.pdf

- *New Zealand*
  - On 29 June 2015, the government released an issues paper seeking feedback on the new bright-line test on the sale of residential property. This bright-line test is intended to supplement the intention test with an unambiguous objective test. The bright-line test removes any doubt about a seller's intention and makes it clear that all property buyers, including overseas buyers, who buy and sell a residential property within two years, will be taxed on their gains.

    Details are available at:
    http://www.pwc.co.nz/tax-services/publications/tax-tips/issue-8-2015/property-tax-measures

- *South Africa*
  - In one of South Africa's first disputes regarding the tax treaty concept of permanent establishment (PE), the Tax Court held in May 2015 that a US advisory firm's extended presence in South Africa to deliver consulting services to a South African client constituted a South African PE.

    Details are available at:
    http://www.pwc.com/en_US/us/tax-services/publications/insights/assets/pwc-us-consulting-firm-has-s-africa-pe-says-s-africa-tax-court.pdf

- *UK*
  - The Budget, released on 8 July 2015, announced a tax rate cut and focused on tackling tax avoidance and aggressive tax planning.

    Details are available at:
    http://image.edistribution.pwc.com/lib/fe9813707560007f73/m/1/Tax+Insights+from+ITS+-+UK+summer+budget+7.8.15.pdf

International Tax News

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

- OECD issues revised discussion draft on treaty abuse
- Italy's notional interest deduction anti-avoidance rules
- Canada's upstream loan rules in the foreign affiliate arena
- New taxation agreement between the EU and Switzerland

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

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