



### Singapore updates

*Tax updates for the  
period  
1 September 2015  
to 31 October 2015*

- **FRS 115**
  - The Inland Revenue Authority of Singapore (IRAS) issued a consultation paper setting out its proposed positions on the income tax implications arising from the adoption of FRS 115. It will be relevant to business entities that have contracts with customers within the scope of FRS 115. The consultation period will end on 11 November 2015.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/About\\_Us/Public\\_Engagement/Public\\_Feedback/pconsult\\_CIT\\_Tax%20Implications%20from%20Adoption%20of%20FRS%20115%20-%20Revenue%20from%20Contracts%20with%20Customers.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/About_Us/Public_Engagement/Public_Feedback/pconsult_CIT_Tax%20Implications%20from%20Adoption%20of%20FRS%20115%20-%20Revenue%20from%20Contracts%20with%20Customers.pdf)

- **Excellence in Taxation Inaugural Conference**
  - Senior Minister of State for Finance and Transport, Mrs Josephine Teo, spoke on Singapore's support for the Base Erosion and Profit Shifting (BEPS) Action Plans, at the inaugural conference of the SMU-TA Centre for Excellence in Taxation.

Details are available at:

<https://www.iras.gov.sg/irashome/News-and-Events/Newsroom/Media-Releases-and-Speeches/Speeches/2015/SMU-TA-Centre-for-Excellence-in-Taxation-Inaugural-Conference---Speech-by-Mrs-Josephine-Teo--Senior-Minister-of-State-for-Finance-and-Transport/>

- **Determining the Existence of a Trade**
  - The IRAS added new content in its website to list factors that will be examined when determining whether a trade exists.

Details are available at:

<https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Taxable-and-Non-Taxable-Income/Determining-the-Existence-of-a-Trade/>

- *Donations*

- The IRAS clarified the tax treatment of donations received by companies and the expenses incurred to generate such donations in a new Frequently Asked Question (FAQ).

Details are available at:

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

- *Productivity and Innovation Credit (PIC)*

- The IRAS updated the list of qualifying IT and automation equipment based on the Income Tax (PIC Automation Equipment) (Amendment) Rules 2015 and included two waste management equipment – dust screw machine and rotating dust drum machine – with effect from Year of Assessment (YA) 2015.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick\\_Links/PIC%20Automation%20Equipment%20List%20\(as%20at%20270911\).pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Quick_Links/PIC%20Automation%20Equipment%20List%20(as%20at%20270911).pdf)

- The IRAS added two FAQs to list examples of qualifying and non-qualifying website development costs, and clarify that the cost to revamp an existing website does not qualify for PIC.

Details are available at:

<https://www.iras.gov.sg/irashome/Schemes/Businesses/Productivity-and-Innovation-Credit-Scheme/Six-Qualifying-Activities-under-PIC/Acquisition-and-Leasing-of-PIC-IT-and-Automation-Equipment/>

- *International Growth Scheme (IGS)*

- IE Singapore has released the full IGS circular on its website.

Details are available at:

[http://www.iesingapore.gov.sg/~media/IE%20Singapore/Files/Assistance%20for%20Local%20Companies/Global%20Company%20Partnership/IGS\\_Circular.pdf](http://www.iesingapore.gov.sg/~media/IE%20Singapore/Files/Assistance%20for%20Local%20Companies/Global%20Company%20Partnership/IGS_Circular.pdf)

- *Double Tax Deduction for Internationalisation (DTD<sub>i</sub>)*

- IE Singapore has issued a circular to provide details of the two enhancements to the DTD<sub>i</sub> scheme as announced in the 2015 Budget:
  1. Tax deductions for businesses on discretionary incentives; and
  2. Tax deductions for qualifying salary expenses.

Details are available at:

<http://www.iesingapore.gov.sg/~media/IE%20Singapore/Files/Assistance%20for%20Local%20Companies/Global%20Company%20Partnership/2015%20July%20Double%20Tax%20Deduction%20Employee%20Overseas%20Posting%20Circular.pdf>

- *Goods and Services Tax (GST)*

- The IRAS issued a revised circular to provide guidance on the interpretation and application of the two expressions “directly in connection with” and “directly benefit” used in section 21(3) of the Goods and Services Tax Act to common business scenarios.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/etaxguide\\_GST\\_GST%20Guide%20on%20the%20Clarification%20on%20DIC%20and%20DB.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_GST_GST%20Guide%20on%20the%20Clarification%20on%20DIC%20and%20DB.pdf)

- The IRAS revised its circular on “General Guide for Businesses (Third Edition)” to update relevant paragraphs on voluntary registration and registration procedures.

Details are available at:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax\\_Guides/etaxguide\\_GST\\_GST%20General%20Guide%20for%20Businesses.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_GST_GST%20General%20Guide%20for%20Businesses.pdf)

- *Trans-Pacific Partnership (TPP) Trade Deal*

- Singapore and 11 other countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, the United States and Vietnam successfully concluded negotiations for the TPP on 5 October 2015. The TPP is a high-standard, comprehensive regional Free Trade Agreement (FTA) that will boost trade and investment flows between TPP countries as well as integrate the region into a single manufacturing base and market. Singapore companies are expected to benefit from increased market access with all 11 other TPP countries.

Details are available at:

<http://www.pwc.com/gx/en/tax/indirect-taxes/assets/pwc-trans-pacific-partnership-trade-deal-reached.pdf>

## Overseas updates

- *Australia*

- The Federal Court of Australia in *Chevron Australia Holdings Pty Ltd v Commissioner of Taxation (No. 4) [2015] FCA 1092* dismissed the appeal against the Australian Taxation Office’s decision to limit interest deductions on \$2.45 billion in intercompany loans.
- Multinational anti-avoidance legislation (MAAL) was introduced in the Australian parliament on 16 September 2015. The legislation seeks to tax non-residents as if they have a permanent establishment (PE) in Australia where certain conditions are satisfied. In addition, where the legislation applies and the taxpayer does not have a reasonably arguable position, penalties of 100% will apply. The legislation also introduces country-by-country reporting for income years starting on or after 1 January 2016.

Details are available at:

<http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-australia-introduces-multinational-anti-avoidance-legislation.pdf>

- *China*

- The Chinese State Administration of Taxation (SAT) on 17 September 2015, released a discussion draft of Implementation Measures of Special Tax Adjustments, Guo Shui Fa [2015] No. 2 for public consultation. It deals with transfer pricing (TP) and anti-avoidance rules, proposes new TP documentation requirements under a three-tier approach – local file, master file, and special issues file. It also incorporates the OECD’s country-by-country reporting (CbCR) requirements as related-party transaction disclosures forming part of the annual corporate income tax return for certain taxpayers.

Details are available at:

<http://www.pwc.com/gx/en/tax/newsletters/pricing-knowledge-network/assets/pwc-discussion-draft-of-revised-chinese-transfer-pricing-rules.pdf>

- *France*
  - The French government on 21 October 2015 sent to the Parliament for approval of its pending revised tax treaty with Singapore, which was signed on 15 October 2015 in Singapore. The revised tax treaty offers improved terms for businesses, such as lower withholding tax rates for dividends and anti-abuse provisions. This treaty has not yet been ratified and does not have the force of law.
  - The Court of Justice of the European Union (CJEU) has ruled that the French tax consolidation regime is not compatible with the EU freedom of establishment because it excludes cross-border dividends from the full exemption granted to French intra-group dividends. The existing French tax consolidated regime may have to be amended as a result. In addition, multinational corporations may have an opportunity to file a claim for refund of certain corporate taxes paid.

Details are available at:

<http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-cjeu-rules-france-tax-consolidation-regime-violates-eu-law.pdf>

- *India*
  - The Supreme Court of India dismissed a challenge brought by Mauritius-based Castleton Investment Ltd to the imposition of the minimum alternative tax on foreign investors in light of the government's earlier announcement that the tax would not be levied retroactively on foreign institutional investors.
- *Indonesia*
  - The Minister of Finance introduced Debt to Equity Ratio regulations for tax calculations purposes. This is applicable from fiscal year 2016.
- *Ireland*
  - The Irish government delivered Budget 2016 on 13 October 2015. The most significant measures affecting international business are the introduction of the knowledge development box and CbCR. The 'Update on Ireland's International Tax Strategy' document was also published as part of the Budget. This document reiterates Ireland's commitment to the BEPS process and to the 12.5% corporation tax rate. It also discusses Ireland's approach to the ongoing EU tax agenda.

Details are available at:

<http://www.pwc.com/us/en/tax-services/publications/insights/assets/pwc-irish-budget-2016-impact-from-an-international-perspective.pdf>

- *Japan*
  - The Japan Supreme Court overturned a Nagoya High Court decision and determined that Delaware Limited Partnerships (Delaware LPs) should be considered foreign corporations under Japanese tax law and thereby denied losses taken by individual taxpayers who invested in Delaware LPs with US real estate.

Details are available at:

[http://www.pwc.com/en\\_GX/gx/hr-management-services/newsletters/global-watch/assets/pwc-recent-japanese-supreme-court-decision-impacts-individuals.pdf](http://www.pwc.com/en_GX/gx/hr-management-services/newsletters/global-watch/assets/pwc-recent-japanese-supreme-court-decision-impacts-individuals.pdf)

- *Malaysia*
  - Budget 2016 was announced on 23 October 2015.

Details are available at:  
<http://www.pwc.com/my/en/publications/taxavvy-issue-budget-2016.html>

  - The due date for filing 2014 FATCA returns has been extended to 30 June 2016.
- *OECD*
  - On 5 October 2015, the OECD released its final recommendations on the BEPS Action Plan.

Details are available at:  
<http://app.mof.gov.sg/news-reader/articleid/1536/parentid/59/year/2015?category=Press>

<http://www.pwc.com/sg/en/tax-bulletin/assets/taxbulletin201511.pdf>

<http://www.pwc.com/gx/en/tax/newsletters/tax-policy-bulletin/assets/pwc-oecd-provides-beps-recommendations-for-multinational-companies.pdf>
- *United Kingdom*
  - HM Revenue & Customs has opened a consultation on changing patent box rules to comply with the new international framework on preferential intellectual property regimes set out by the OECD. The consultation period will end on 4 December 2015.

## *International Tax News*

Among the key topics featured in September are:

- Portugal's Madeira International Business Centre special tax regime
- Australia's draft legislation to implement CbCR
- The US discussion draft on an 'innovation box' tax regime is released
- OECD's Public Consultation on BEPS Action 8 through 10 reveals planned revisions to transfer pricing drafts

Details are available at:

<http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-september-2015.pdf>

Among the key topics featured in October are:

- Corporate and personal income tax developments in Egypt
- New Zealand tax relief for related party debt recapitalisations
- The draft order of the "Russian FATCA"
- China's double taxation avoidance agreement with Taiwan.

Details are available at:

<http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-october-2015.pdf>

Among the key topics featured in November are:

- Brazil's changes to the calculation basis and withholding tax rates applicable to interest in net equity payments
- The localisation of BEPS Actions in China

- A practical and business friendly implementation of the updated EU Parent-Subsidiary Directive in Dutch law
- New EU Case Law regarding dividend payments in France.

Details are available at:

*<http://www.pwc.com/gx/en/tax/newsletters/international-tax-services/assets/pwc-international-tax-news-november-2015.pdf>*



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