

Tax updates for the period
5 May 2018 to
11 June 2018

Tax Newsbites

PwC Singapore | Tax Services

Singapore updates

Corporate Income Tax Forms

Income Tax Advance Ruling Application

The Income Tax Advance Ruling application form has been updated to clarify that Part C4 should be completed if the ruling application falls under any of the following five categories:

- Rulings relating to preferential regimes;
- Cross-border unilateral advance pricing arrangement or other cross-border unilateral rulings in respect of transfer pricing;
- Cross-border rulings providing for a downward adjustments of taxable profits;
- Permanent establishments rulings; or
- Related party conduit rulings.

[Click here](#) for details.

Form C and Form C-S

The Year of Assessment (YA) 2018 Form C and Form C-S are now available on the Inland Revenue Authority of Singapore (IRAS) website. E-filing for YA 2018 Form C-S is also available.

[Click here](#) for details.

Goods and Services Tax

Following Budget 2018, where certain Goods and Services Tax (GST) measures to tax imported services were proposed, the IRAS conducted public consultations between 20 February and 20 March 2018 to seek feedback on two draft circulars:

- (1) GST: Taxing imported services by way of reverse charge, and
- (2) GST: Taxing imported services by way of an overseas vendor registration regime.

Following the receipt of feedback, the IRAS will fine-tune the administrative measures and publish the circulars by 31 December 2018.

[Click here](#) for a summary of the key suggestions received and IRAS' responses.

Australia-Singapore Tax Treaty

The competent authorities of Singapore and Australia have reached a mutual agreement to apply a change to the interpretation of the Business Profits exclusion clauses in the

[Singapore-Australia tax treaty](#) from 1 May 2018.

The IRAS has issued a revised circular entitled "[Avoidance of Double Taxation Agreements \(DTA\) \(Second Edition\)](#)" to address the update.

Brazil-Singapore Tax Treaty

Singapore signed a comprehensive DTA with the Federative Republic of Brazil on 7 May 2018. The DTA has not yet been ratified and does not have the force of law.

[Click here](#) for details.

Overseas updates

Europe

DAC6 adoption means taxpayers should plan soon for documenting reportable transactions

On 25 May 2018, the Economic and Financial Affairs Council (ECOFIN), which is responsible for European Union tax policy, formally adopted the Council Directive that amends Directive 2011/16/EU on administrative cooperation in taxation with regard to mandatory automatic exchange of information on reportable cross-border arrangements.

The main purpose of this Directive on Administration (DAC6) is to strengthen tax transparency and deter aggressive tax planning. Although aggressive tax planning is not defined, DAC6 refers to a number of pre-determined hallmarks. These hallmarks could render a cross-border arrangement reportable. DAC6 provides for mandatory disclosure of cross-border arrangements by intermediaries, individual or corporate taxpayers, to tax authorities. It also mandates automatic exchange of this information among EU Member States.

The effective date from which any reportable transactions must be reported is expected to begin soon. Although the actual reporting of such transactions is not required until 2020, taxpayers and intermediaries should start planning how they will document the reportable transactions and reportable information.

[Click here](#) for PwC's commentary.

Digital Tax Package

PwC has provided written comments to the European Commission on two elements of its Digital Tax Package, namely draft Directives for:

- Rules relating to the corporate taxation of a significant digital presence, which is a form of digital permanent establishment or virtual permanent establishment; and
- A digital services tax on revenues resulting from the provision of certain digital services.

[Click here](#) for details.

Malaysia

The GST (Rate of Tax) (Amendment) Order 2018 was gazetted on 16 May 2018. It reduced the GST rate from 6% to 0% from 1 June 2018. Malaysia will reinstitute the Sales and Service Tax to help cover the resulting revenue shortfall.

[Click here](#) for details.

New Zealand

The 2018 New Zealand budget estimates NZD 669.8 million of new net tax revenues over four years, with the additional funds coming from the ring-fencing of tax losses on rental property, expansion of the GST to low-value imports, and enhanced compliance

efforts.

[Click here](#) for details.

Multilateral instrument coming into force to change many tax treaties from 1 January 2019

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) will enter into force on 1 July 2018, following Slovenia depositing the fifth ratification instrument on 22 March 2018.

The entry into force of the MLI for double tax treaty parties determines when its provisions come into effect for the treaties between them. Different dates potentially apply for withholding taxes, other taxes, mutual agreement procedures to resolve disputes, and the use of arbitration to resolve disputes, where territories have chosen to apply arbitration.

A significant number of the current 78 signatories is expected to ratify the MLI and lodge the instrument of ratification with the Organisation of Economic Cooperation and Development (OECD) in time for many provisions to be in effect from 1 January 2019.

[Click here](#) for PwC's commentary, which provides an overview of when and for which provisions the MLI will enter into effect in the bilateral tax treaties of the MLI signatories. The commentary also covers the consequences of territories' differing reservations regarding hybrid mismatches, treaty abuse, permanent establishments and dispute resolution.

United Nations Model Tax Convention

The United Nations published its updated 2017 Model Double Taxation Convention between Developed and Developing Countries (UN model treaty) on 18 May 2018. The updated model treaty incorporates several changes developed as part of the OECD Base Erosion and Profit Shifting (BEPS) project and features new provisions covering fees for technical services and entitlement to treaty benefits.

While the UN model treaty has drawn on concepts and provisions included in the updated OECD model tax treaty, it retains its emphasis on source-country taxing rights.

International Tax News

Analysis of tax developments worldwide – May 2018 edition

International Tax News is designed to help multinational organisations keep up with the constant flow of tax developments. Among the topics featured in the May 2018 edition are:

- New integrity measures for foreign investors in Australia
- Singapore enhances the research and development deduction
- EC releases State Aid opening decision in Inter IKEA
- China extends preferential corporate income tax policy for integrated circuit enterprises

[Click here](#) for details.

Global VAT Online – a summary of updates

PwC's Global VAT Online provides up-to-date business critical information on VAT/GST rates, rules and requirements around the world to help you maintain control, mitigate risk and improve the overall effectiveness of your VAT/GST function. It is a subscription service for all of your indirect tax needs in a digital world.

[Click here](#) for details.



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