

Tax updates for the period
1 March 2021 to
10 April 2021

Tax News

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Singapore updates

Foreign exchange gains or losses

The Inland Revenue Authority of Singapore (IRAS) has updated the circular "Tax Treatment of Foreign Exchange Gains or Losses for Businesses" on 31 March 2021 to clarify that "translation foreign exchange differences" are exchange differences from translating the financial statements prepared in one currency (need not be the functional currency) to another currency for presentation purposes. A new Frequently Asked Questions (FAQ) section in Annex C has also been added to clarify the "designated bank account" treatment and the application of the de-minimis limit.

[Click here](#) for details.

Transfer pricing

The IRAS has issued the circular "Transfer Pricing Guidelines Special Topic – Centralised Activities in Multinational Enterprise Groups" on 19 March 2021. The circular provides guidance on the analysis of centralised activities carried out in Singapore between related parties of a multinational enterprise group, and the factors that will affect the appropriate transfer pricing basis to be adopted. This circular should be read together with the IRAS circular "Transfer pricing Guidelines (Fifth edition)".

[Click here](#) for details.

Tax treatment on donations with benefits

The IRAS has issued a circular "Tax Treatment on Donations with Benefits (Second Edition)" on 19 March 2021. The revised circular sets out the concessionary tax treatment applicable for donations with certain types of benefits, where the donations were made before 19 March 2021.

[Click here](#) for details.

Foreign Account Tax Compliance Act

The IRAS has updated the FAQs – General list on the Foreign Account Tax Compliance Act on 1 April 2021.

[Click here](#) for details.

Singapore-Germany tax treaty

The protocol amending the Agreement for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital (tax treaty) signed on 28 June 2004 between the Republic of Singapore and the Federal Republic of Germany entered into

force on 29 March 2021.

[Click here](#) for details.

Overseas updates

EU

Most of the EU Member States that deferred the DAC6 reporting deadlines due to the pandemic postponed them to 28 February 2021. Thus, the extended deadline for reporting cross-border arrangements satisfying at least one of the DAC6 hallmarks and whose first step was implemented on or after 25 June 2018 has passed.

However, EU Member States still are navigating the DAC6 landscape, with States frequently deviating in implementing and interpreting the rules. While some EU countries have published guidelines, the interpretation of key requirements for certain hallmarks and concepts remains unclear.

Despite the challenges, the EU is committed to begin the exchange of information on reportable cross-border arrangements between European tax authorities on 30 April 2021.

[Click here](#) for details.

Hong Kong

The Inland Revenue (Amendment) (Miscellaneous Provisions) Bill 2021 (the Bill) was gazetted on 19 March 2021. The Bill, among other things, seeks to amend the Inland Revenue Ordinance to enhance the deduction of foreign taxes for profits tax purposes as a means for relieving double taxation in Hong Kong. Upon enactment of the Bill, the revised rules on foreign tax deduction will take effect from the year of assessment 2021/22.

[Click here](#) for details.

Indonesia

On 2 February 2021, the Government issued GR-40 to implement the provisions on Special Economic Zones (Kawasan Ekonomi Khusus/KEK) under the Omnibus Law.

[Click here](#) for PwC's commentary on the matters related to the income tax and customs facility.

On 17 February 2021, the Ministry of Finance issued Regulation No. PMK-18 to provide implementing rules on the Income Tax, Value Added Tax (VAT) and General Tax Provisions and Procedures (Ketentuan Umum Perpajakan/KUP) amendments made present to Law No. 11 Year 2020 or "Omnibus Law". This is the second major implementing regulation for the tax aspects of the Omnibus Law after the issuance of GR-92.

Some of the key points introduced for income tax under PMK-18 include clarification on the criteria for tax status of individuals, the territorial taxation for foreigners, details on the reinvestment requirements and tax exemption rules for dividends and offshore income received by Indonesians.

[Click here](#) for details.

Following from the Omnibus Law, the Government has issued Presidential Regulation No.10 of 2021 (PR 10/2021) on Investment Business Activities. This regulation is a long-awaited replacement to the previous "negative list" of investment under former Presidential Regulation No.44 of 2016 (PR 44/2016).

[Click here](#) for details.

Malaysia

The Royal Malaysian Customs Department announced on 5 April 2021 that the Minister of Finance has agreed to postpone the effective date of imposition of tourism tax on accommodation premises booked through digital platform service providers (DPSPs) from 1 July 2021 to 1 January 2022.

The effective date for DPSPs to register for tourism tax has also been postponed from 1 April 2021 to 1 October 2021.

Philippines

On 26 March 2021, the President signed into law Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. The law contains amendments to several provisions of the National Internal Revenue Code of 1997, primarily on the reduction of the corporate income tax rate and the introduction of a new title on tax incentives.

[Click here](#) for details.

Vietnam

On 16 March 2021, the Government issued Decision 10/2021/QĐ-TTg setting out criteria for companies to be classed as “high-tech”, which will be effective from 30 April 2021. This Decision applies to companies manufacturing high-tech products and providing high-tech services in Vietnam.

[Click here](#) for details.

International Tax News

PwC Singapore International Tax website

For more tax updates from around the region and globally, please [click here](#).

Analysis of tax developments worldwide

International Tax News is designed to help multinational organisations keep up with the constant flow of tax developments. Among the topics featured in the February 2021 edition are:

- India budget 2021—Impact on foreign investors and multinationals
- Luxembourg limits deductions for interest and royalties owed to ‘noncooperative’ tax jurisdictions
- Japan's 2021 tax reform proposals
- Nigeria - Implications of new tax laws for non-residents and the digital economy

[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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