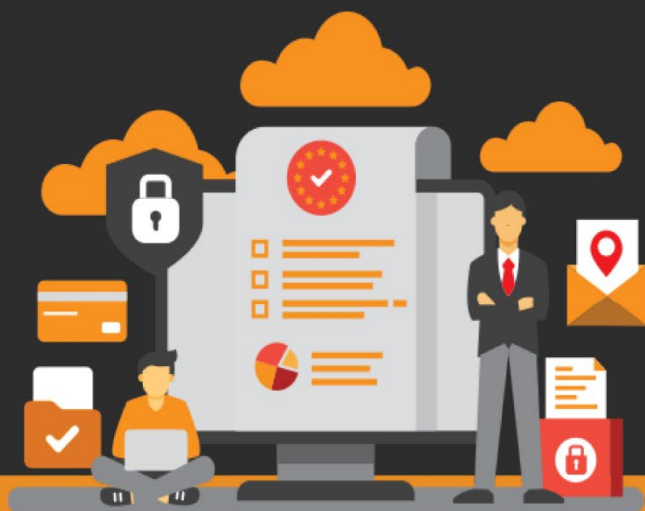


Tax News

PwC Singapore | Tax Services



Tax updates for the period 1 June 2023 to 31 July 2023

Singapore updates

Public consultation on the draft Income Tax (Amendment) Bill 2023

The Ministry of Finance (MOF) has published the draft Income Tax (Amendment) Bill 2023 (the draft Bill) on 6 June 2023 for public consultation. The draft Bill incorporates tax measures announced in the 2023 Budget Statement (the 2023 Budget) and changes arising from MOF's periodic review of Singapore's tax system.

One significant non-Budget amendment is a proposal to tax on gains from sale or disposal of any movable or immovable property situated outside Singapore (collectively 'foreign assets') that are received in Singapore by a relevant entity which does not have economic substance in Singapore.

The proposed change, if enacted, will apply to gains from sale or disposal of foreign assets occurring on and after 1 January 2024.

As the proposal has not been legislated, businesses should monitor this development and consider its implications.

See our [Tax Bulletin](#) for details.

Financial Sector Incentive scheme

It was first announced in the 2023 Budget that the Financial Sector Incentive (FSI) scheme will be extended till 31 December 2028 and that the concessionary tax rates for certain awards approved on or after 1 January 2024 under the FSI scheme will be streamlined.

The Monetary Authority of Singapore has issued a circular (FDD Cir 09/2023) on 21 June 2023 providing further details on the extension and refinement of the FSI scheme.

See our [Tax Bulletin](#) for details.

Enterprise Innovation Scheme

The IRAS has published a circular entitled 'Enterprise Innovation Scheme' on 30 June 2023 to explain the Enterprise Innovation Scheme (EIS). The scheme was introduced in the 2023 Budget to encourage businesses to engage in research and development (R&D), innovation and capability development activities. It is available from year of assessment (YA) 2024 to YA 2028.

Under the EIS, enhanced and new deductions/allowances are granted on qualifying expenditure incurred on the following five qualifying activities:

- a) Qualifying R&D activities undertaken in Singapore;
- b) Registration of intellectual property;
- c) Acquisition and licensing of IP rights;
- d) Training; and
- e) Innovation projects carried out with polytechnics, the Institute of Technical Education or other qualified partners.

Businesses undertaking these activities can enjoy a total of 400% tax deductions for the first \$400,000 of qualifying expenditure incurred for each of the qualifying activities listed in (a) to (d), and for the first \$50,000 of qualifying activity (e). In addition, eligible businesses may convert up to \$100,000 of the total qualifying expenditure incurred across all the qualifying activities for each YA into cash at a conversion rate of 20%, in lieu of tax deductions/ allowances.

[Click here](#) for details.

Goods and Services Tax

The IRAS has revised its circular entitled 'GST: Guide on Exemption of Investment Precious Metals (IPM) (Eighteenth Edition)' on 15 June 2023 to update the list of qualifying IPM coins.

[Click here](#) for details.

The IRAS has revised its circular entitled '2024 GST Rate Change: a Guide for GST-registered Businesses (Second Edition)' on 12 July 2023 to clarify that consideration is regarded as received only if it is made in respect of an identified supply and as accepted or agreed as such between customer and supplier.

[Click here](#) for details.

International updates

OECD releases Outcome Statement on the two-pillar solution

On 12 July 2023, the OECD published a press release and "Outcome Statement" following the 15th plenary meeting of the OECD/ G20 Inclusive Framework on BEPS (IF). The Outcome Statement provides an update on the status and timeline for implementing Amount A and B of Pillar One and the Pillar Two Subject-to-Tax Rule (STTR). It was approved by 138 of the 143 IF members, and will be delivered to the G20 Finance Ministers and Central Bank Governors at their meeting on 17-18 July.

[Click here](#) for details.

OECD presents report to G-20 Finance Ministers and releases key documents under Pillar One and Pillar Two

On 17 July 2023, the IF released four important documents related to Pillar One and Pillar Two and a Progress Report to the G20 Finance Ministers and Central Bank Governors. These publications follow the 15th plenary meeting of the IF and resulting "Outcome Statement," which provided an update on the status and timeline for implementing Amount A and B of Pillar One and the Pillar Two STTR.

Click [here](#) for details. See also the following related publications:

- [OECD Releases Pillar One Amount B](#)
- [OECD releases Pillar Two STTR](#)
- [OECD releases Pillar Two Global Anti-Base Erosion \(GloBE\) Rules](#)

European Commission FASTER Directive would harmonise withholding tax procedures in the European Union

The European Commission published the draft Faster and Safer Relief of Excess Withholding Taxes (FASTER) Directive on 19 June 2023 to encourage investment in the Single Market by making withholding tax procedures in the European Union (EU) more efficient and secure for investors, financial intermediaries and Member State tax administrations. FASTER responds to calls for standardised withholding tax procedures and is estimated to save investors around €5.17 billion per year. The proposal, while promoting 'faster' is also promoting 'safer,' so includes anti-avoidance provisions, as well as new obligations for both financial institutions and tax administrations. Once adopted by EU Member States, the proposal is expected to come into force on 1 January 2027.

[Click here](#) for details.

EU Foreign Subsidies Regulation: new guidance on notification procedures offers some streamlining

An EU regulation setting out notification procedures regarding non-EU subsidies that might distort the internal market was adopted by the European Commission on 10 July 2023. In particular, it establishes the form of notification, the degree of aggregation of information and some exclusions in applying the rules of the Foreign Subsidies Regulation (FSR) which was adopted by the European Parliament and Council in November 2022.

The FSR will apply from 12 July 2023. As of 12 October 2023, companies will have to notify either mergers and acquisitions or participation in public procurement bids, where they involve foreign financial contributions, meet the relevant notification thresholds and do not fall within the new exceptions. Notifications under the Commission's ex-officio power of investigation in other cases are to be determined in each case.

[Click here](#) for details.

Overseas updates

Australia

On 22 June 2023, legislation to implement new tax measures for multinational enterprises (MNEs) was introduced in Federal Parliament. These measures, which will apply as early as 1 July 2023, make significant changes to Australia's thin capitalisation regime, and introduce new tax transparency obligations for public companies.

[Click here](#) for details.

On 23 June 2023, the Treasury released updated exposure draft law and explanatory materials which significantly amends the scope of the Federal Government's proposal to deny deductions for payments made by Significant Global Entities relating to intangible assets connected with low corporate tax jurisdictions.

[Click here](#) for details.

Hong Kong

The minutes of the 2022 annual meeting between the Inland Revenue Department (IRD) and the Hong Kong Institute of Certified Public Accountants held on 13 May 2022 were recently released. The meeting minutes summarise the IRD's views on

various tax issues expressed during the meeting, including issues related to profits tax, salaries tax, international tax, stamp duty and administrative matters.

PwC's Hong Kong tax news flash highlights the IRD's views on the key profits tax issues and its approach to processing application for Hong Kong Certificate of Resident Status (HK CoR) lodged by non-Hong Kong incorporated companies.

[Click here](#) for details.

The IRD has recently revisited its approach to the issuance of HK CoR and announced that effective from 12 June 2023, it will base its decision of whether an HK CoR can be issued on the plain definition of 'resident of Hong Kong' in the relevant comprehensive avoidance of double taxation agreement/arrangement. The application forms have also been revised to reflect its latest approach.

[Click here](#) for details.

The Government's recent proposal to introduce a company re-domiciliation regime in Hong Kong may offer a cost-effective restructuring alternative to MNEs with subsidiaries in low or no tax offshore jurisdictions.

[Click here](#) for details.

Malaysia

Following the Ministry of Finance's announcement on 2 June 2023 that the Special Voluntary Disclosure Programme is to be reintroduced commencing from 6 June 2023 to 31 May 2024, the Inland Revenue Board (IRB) has issued the Operational Guideline No. 2/2023 and Frequently Asked Questions for the Special Voluntary Disclosure Programme 2.0 in relation to taxes administered by the IRB.

[Click here](#) for details.

The Income Tax (Transfer Pricing) Rules 2023 and Income Tax (Advance Pricing Arrangement) Rules 2023 were gazetted on 29 May 2023. The TP Rules 2023 takes effect from year of assessment 2023 onwards and the APA Rules 2023 takes immediate effect.

[Click here](#) and [here](#) for details.

The July issue of TaXavvy includes the following:

- Revocation of remission of stamp duty for transfer of property
- Double deduction for approved internship programme
- Guidelines for Tax Treatment on Lease Expenses for Special Assets under the Petroleum (Income Tax) Act 1967
- Guidelines on Tax Treatment for Research & Development Expenditure under the Petroleum (Income Tax) Act 1967

[Click here](#) for details.

The Prime Minister announced that stamp duty for shares traded on Bursa Malaysia is to be reduced. Following the announcement, the Stamp Duty (Remission) (No. 3) Order 2023 has been gazetted.

[Click here](#) for details.

The Prime Minister launched the Ekonomi MADANI: Memperkasa Rakyat on 27 July 2023. This is an economic framework for subsequent policies to be announced later, including the National Energy Transition Roadmap, New Industrial Master Plan 2030, and the mid-term review of the 12th Malaysia Plan.

[Click here](#) for details.

South Korea

The June issue of Samil Commentary includes the following:

- Electric vehicles added to the list of national strategic technology sectors eligible for investment tax credits.
- National Tax Service (NTS) announces measures to overhaul tax investigation procedures to enhance taxpayer rights and protection.
- Foreign financial account reporting requirement has been extended to overseas virtual asset accounts this year.

[Click here](#) for details.

Taiwan

Ministry of Economic Affairs announced draft implementation rules under Article 10-2 of Statute for Industrial Innovation covering “Investment Tax Credit of Corporations for Expenditure Incurred in Forward-looking Innovative R&D and Equipment used in Advanced Manufacturing Process”.

[Click here](#) for details.

The June issue of Taiwan Tax Update includes the following:

- Taiwan’s Ministry of Finance (MoF) announced draft amendments to Regulations Governing Assessment of Profit-seeking Enterprise Income Tax.
- MoF announced amendments to Rules Governing Assessment of Application for Usage of Article 25 of the Income Tax Act by Foreign Profit-Seeking Enterprises.
- MoF announced that profit-seeking enterprises opting to file a provisional income tax return can exclude controlled foreign company’s investment income when calculating taxable income for the first 6 months of the current tax year.

[Click here](#) for details.

Thailand

PwC Thailand’s newsletter provides an update on the new law relating to the amalgamation of two or more companies that was recently introduced into the Civil and Commercial Code. It focuses on the key issue of 'tax losses carried forward' and briefly discusses the potential change in the tax treatment resulting from the change in the amalgamation law.

[Click here](#) for details.

On 16 May 2023, the Board of Investment (BOI) announced a new investment promotion measure to mitigate the impact of the Pillar Two rules on tax incentives granted under BOI promotion.

[Click here](#) for details.

Vietnam

On 24 June 2023, the National Assembly approved the Resolution of the 5th Meeting of National Assembly XV. This includes a VAT rate reduction which will take effect from 1 July 2023 to 31 December 2023.

[Click here](#) for details.

International tax news

Analysis of tax developments worldwide

Topics featured in the May 2023 edition include:

- Belgium agrees on core principles for implementation of Pillar Two
- Canada's mandatory disclosure rules
- South Africa moves forward on Pillar Two
- Saudi Arabia establishes four new Special Economic Zones

[Click here](#) for details.

Topics featured in the June 2023 edition include:

- Norway proposes Pillar Two legislation
- Pillar Two bill submitted to Dutch Parliament
- Spain will tighten the rules limiting the deductibility of interest expense
- Switzerland voters approve Pillar Two
- United Kingdom releases Pillar Two guidance

[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 your indirect tax needs in a digital world.

[Click here](#) for details.

Asia Pacific Tax Insights application

PwC has developed a one-stop tool that has comprehensive coverage of tax, business insights and investment locations across the Asia Pacific region.

[Click here](#) to download the free app and be part of PwC's digital journey.

Green Taxes and Incentives Tracker

PwC's Green Taxes and Incentives Tracker helps you discover details about climate and carbon-related tax matters where your company operates; it covers more than 800 taxes and 600 green incentives in 88 countries and regions around the world that can affect critical business strategies and operations.

[Click here](#) for details.

Tax Policy Bulletin

Drawing on our experience of tax policy issues and insight from relationships with organisations such as the OECD, we have put together a series of Tax policy bulletins. With analysis and insight on policy changes around the world, these bulletins are designed to help you stay up-to-date with the latest developments and explain what these changes mean for you and your business.

[Click here](#) for details.

Understanding Base Erosion and Profit Shifting – a two pillar solution

Understanding Base Erosion and Profit Shifting – a two pillar solution reveals the

latest tax developments evolving around a two-pillar solution and the key building blocks that are foundational to building up your readiness.

[Click here](#) for details.



Contact us

If you would like to discuss any of the issues raised, please get in touch with your usual PwC contact or any of the individuals listed below.



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