

Asia Pacific Financial Services

Tax Highlights





April 2023

Welcome to our April 2023 edition of Asia Pacific Financial Services Tax Highlights, where we draw your attention to the latest developments and hottest issues facing the industry in the region.

We encourage you to get in touch with any one of our contacts listed, or your usual PwC contact, should you wish to discuss anything further.

Legend:

This development is relevant to the following:

-  Asset & Wealth Management
-  Banking & Capital Markets
-  Insurance
-  All

Australia

- On 31 March 2023, Treasury released for comment [exposure draft law and draft explanatory materials](#) (proposed new law) to implement the Federal Government's proposal, as announced in the [October 2022 Federal Budget](#), to deny an income tax deduction for payments relating to intangible assets connected with low corporate tax jurisdictions (primarily with reference to a 15 per cent tax rate). The proposed new rules will apply to in-scope payments made or credited, or liabilities incurred on or after 1 July 2023.

Click [here](#) for more information.

- The Australian government has released [draft legislation](#) that would require certain large multinationals (known as Country-by-Country (CbC) reporting parent entities) to publicly disclose the information in their CbC reports broken down by jurisdiction, as well as to publicly disclose other new tax and financial information (additional information) — also by each jurisdiction — not currently disclosed in confidential CbC reports. If legislated, this would be the first unrestricted worldwide mandated public reporting of all CbC report data combined with additional information by jurisdiction. For details, please refer to our [Tax Insights](#).

Other [monthly tax updates](#) include:

- The Australian Taxation Office (ATO) has released [information](#) on the treatment of Corporate Collective Investment Vehicles (CCIVs).

The CCIV regime was introduced by the Corporate Collective Investment Vehicle Framework and Other Measures Act 2022 (Cth) and applies from 1 July 2022. A CCIV is a type of company, limited by shares that is used for funds management and

which is an umbrella vehicle that is made up of one or more CCIV sub-funds operated by a single corporate director.

- Further to our report in [March Monthly Tax Update](#) regarding New South Wales (NSW) approach to international tax treaties and the imposition of foreign surcharge land tax and foreign surcharge purchaser duty, on 15 March 2023, the Victorian State Revenue Office (SRO) released its [position](#) that the SRO would continue to apply the Victorian duty and land tax provisions to all foreign purchasers and absentee owners.
- The ACT Civil and Administrative Tribunal has found for the taxpayer in [Leemhuis Investments Mitchell Pty Ltd L v Commissioner for ACT Revenue \[2023\] ACAT 12](#) in determining whether ACT transfer duty was correctly imposed in relation to the circumstances on which properties held on trust absolutely constituted a 'declaration of trust'.

Hong Kong SAR

- The Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Bill 2022 (Bill), which was gazetted on 9 December 2022, seeks to introduce a 0% concessionary profits tax rate on assessable profits earned from qualifying and incidental transactions for an eligible family-owned investment holding vehicle (FIHV) managed by an eligible single family office (ESF Office) in Hong Kong (the latter subject to a 5% threshold).

After taking into account the views and comments raised by the members of the Bills Committee and various deputations, including PwC, the Hong Kong SAR government (the Government) has recently come up with a number of proposed

Committee Stage Amendments (CSAs) to the Bill with a view to enhancing the attractiveness of the family office tax concession.

Click [here](#) to read more.

- On 6 April 2023, the Financial Services and Treasury Bureau (FSTB) issued the consultation paper Refinements to Hong Kong's Foreign-sourced Income Exemption Regime for Foreign-sourced Disposal Gains (Consultation Paper). The Consultation Paper sets out the proposed refinements to the FSIE regime initially formulated by the Government based on its discussion with the European Union (EU) thus far. To assist the Government to further negotiate with the EU and finalise the legislative proposal, the FSTB has invited stakeholders and interested parties to comment on the proposed refinements by 6 June 2023.

Read this [new flash](#) for summary and our observations.

- The Insurance (Amendment) Bill 2023 (Bill) was gazetted on 6 April 2023. The Bill seeks to amend the Insurance Ordinance (Cap. 41) (IO) to provide a legal framework for the implementation of a Risk-based Capital (RBC) regime for the Hong Kong insurance industry. It is envisaged that as adopting the RBC regime may potentially create a one-off taxable transitional adjustment to insurers, the Bill seeks to amend the relevant sections of the Inland Revenue Ordinance (IRO) to provide a legal basis for the one-off transitional adjustment to be assessed over a period of five years. The Bill also proposes amendments which could change the taxation basis of certain insurance business.

Click [here](#) for details.

India FS

- The long-awaited Foreign Trade Policy 2023 (FTP 2023) was released by the government on 31 March 2023 and will be effective from 1 April 2023 onwards. Unlike the previous policies which used to have a tenure of five years, the FTP 2023 will have no end date and the subsequent revisions will be done on a need basis as per India's emerging trade scenario.

The FTP 2023 moves from incentives to remission-based framework, with focus on export promotion through collaboration, promoting ease of doing business (EODB) through automation and solutions and focussing on emerging areas like e-commerce and export hubs with the overall objective of achieving the goal of \$1 trillion merchandise exports by 2030.

Read our [highlights](#) for more information.

- Under FTP 2023, one of the key initiatives announced is on regularisation of the default of export obligation (EO) under the Advance Authorisation Scheme (AAS) and the Export Promotion Capital Goods Scheme (EPCG). Pursuant to the above, the Directorate General of Foreign Trade has now notified detailed guidelines of the Amnesty Scheme.

Click [here](#) to read more.

- The Supreme Court rejected the civil appeal preferred by the Revenue authorities and affirmed the decision of the Customs Excise and Service Tax Appellate Tribunal (CESTAT) wherein it was held that the issuance of corporate guarantee to group companies, without consideration, is not a taxable service under the Finance Act, 1994.

Read [this](#) for more information.

Indonesia FS

- On 6 March 2023, the Government issued Regulation No. GR-12 to provide facilities for projects in the National Capital to be named 'Nusantara' (Ibu Kota Negara bernama Nusantara/ IKN). These facilities were introduced under the IKN Law2 and are dated and effective on 6 March 2023. GR-12 facilities cover business licensing, the ease of doing business, and capital investment.

Click our [TaxFlash](#) for more information.

Korea FS

The [latest monthly tax updates](#) include:

- The amended Special Tax Treatment Control Law was proclaimed on 11 April 2023 after being approved by the National Assembly in its plenary session held on 30 March. The key objectives of the amended law include increasing the tax credit rates for facility investment in the semiconductor and other national strategic technology sectors and allowing an additional tax credit for facility investment during a one-year period of 2023 (temporary investment tax credit).
- The Ministry of Economy and Finance (MOEF) announced on 23 March that Korea and Andorra have reached an agreement and initialled an income tax treaty for the avoidance of double taxation. The Korea-Andorra tax treaty is the first income tax treaty that Andorra has signed with an Asian country. It will come into force after being ratified by the parliaments of both countries.

Singapore FS

- The Inland Revenue Authority of Singapore (IRAS) has revised its circular entitled 'Income Tax Total Asset Method for Interest Adjustment (Second edition)' on 28 February 2023. The updates include, amongst other changes, clarifying the value of the cost of assets to be used in the Total Asset Method (TAM) and clarifying that interest expense includes foreign exchange differences on interest incurred.

Click [here](#) for details.

International FS

- As reported in our February Tax Policy Alert, the European Union's (EU) Economic and Financial Affairs Council (ECOFIN) published the updated list of 'non-cooperative' jurisdictions for tax purposes. This so-called 'black list' now includes Costa Rica and British Virgin Islands (BVI). Other black list jurisdictions in the Latin America and the Caribbean regions include Panama, the Bahamas, Turks and Caicos Islands, US Virgin Islands, and Trinidad and Tobago.

Simultaneously, the EU Council determined that Barbados, Jamaica, and Uruguay had successfully fulfilled their commitments and removed those countries from the so called 'grey list' (i.e., the list of 'cooperative' jurisdictions with commitments).

Click [here](#) for more information.

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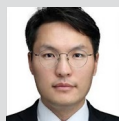
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