

# Asia Pacific Financial Services

## Tax Highlights





August 2024 – October 2024

Welcome to our August – October 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

- The Australian Taxation Office (ATO) has issued the Top 100 and Top 1,000 findings reports on its income tax and goods services tax (GST) assurance program reviews completed to 30 June 2024. The Top 100 income tax and GST – observed an increase in the number of taxpayers achieving high assurance for income tax, with 52% of Top 100 taxpayers attaining overall high assurance.
- The ATO has announced that it has signed a Statement of Support for the OECD's 'Subject to Tax Rule'.
- The foreign residents' capital gains withholding (FRCGW) regime imposes a non-final withholding obligation on the purchaser of certain Australian real property and related interests where the property is acquired from a foreign resident vendor. The Treasury Laws Amendment (2024 Tax and Other Measures No. 1) Bill 2024 will modify the foreign resident capital gains withholding payments regime to increase the withholding rate from 12.5% to 15% and remove the threshold before which withholding applies in relation to Australian real property interests.

Click [here](#) for more information.

### Hong Kong

- The Inland Revenue Department (IRD) has sent notices (Notices) to certain entities licensed by or registered with the Securities and Futures Commission (SFC) and/or the Insurance Authority (IA) that are not registered as a financial institution (FI) on the IRD's automatic exchange of financial account information (AEOI) portal. The Notice requires the entity receiving the Notice to complete and furnish a questionnaire within 21 days from the day of the Notice.

Failure to comply with the Notice could result in a potential fine of HK\$10,000.

Click [here](#) is a summary of the Notice and questionnaire with observations.

- The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (Amendment Ordinance) was gazetted on 17 June 2022. Among other things, the Amendment Ordinance abolishes the use of accrued benefits of employers' mandatory contributions to a Mandatory Provident Fund (MPF) scheme to offset long service payments (LSP) and severance payments (SP) from 1 May 2025.

In light of this development, the Hong Kong Institute of Certified Public Accountants (HKICPA) has issued guidance outlining two acceptable approaches to accounting for the offsetting arrangement and the impact of the abolition on the recognition of LSP liabilities (HKICPA guidance). The IRD has shown agreement over our views of the profits tax implications under the two approaches outlined in HKICPA guidance.

Our [News Flash](#) summarises the accounting and profits tax implications of the abolition of the MPF offsetting arrangement for the recognition of LSP by employers.

### India

- The Pune bench of the Income-tax Appellate Tribunal concluded that beneficial Double Taxation Avoidance Agreement rates for dividend income cannot be extended to a domestic company paying dividend distribution tax levied on dividend distributed to a non-resident shareholder.

Click [here](#) for more information.



- The Delhi High Court has ruled that a permanent establishment (PE) has to be treated as an independent taxable entity. Moreover, a PE's activities should be independently evaluated and ascertained for the purposes of attributing profits, and Article 7 of the relevant Double Taxation Avoidance Agreement does not restrict this right based on the taxpayer's global income or loss.

Click [here](#) for more information.

### Indonesia FS

- On 2 September 2024, the Minister of Finance issued Regulation No.PMK58 and No.PMK-59 to update the facilities provided to foreign country representatives and international organisations and their representatives.

Refer to our [TaxFlash](#) for further details.

### Malaysia FS AWM BCM

- The Securities Commission has issued a media release providing details on the Single Family Office Incentive Scheme, following the announcement from the Minister of Finance II on 20 September 2024.
- E-invoicing – the following have been issued in relation to its implementation:
  - Income Tax (Issuance of Electronic Invoice) Rules 2024
  - e-Invoice Guideline (Version 4.0)
  - General FAQ on Implementation of e-Invoice

Click [here](#) for more details.

- On 20 September 2024, the second Finance Minister has announced the tax incentives for the Forest City Special Financial Zone (Forest City SFZ), which is located within the Iskandar Special Economic Zone in the southern region of Peninsular Malaysia and comprises four man-made islands with duty-free status.

In addition, Bank Negara Malaysia will also provide regulatory flexibilities to locally incorporated foreign banks to open additional branches in the Forest City SFZ and foreign exchange

flexibilities for foreign currency offshore borrowings and investment in foreign currency assets.

Click [here](#) for more information

- Following the announcement by the Finance Minister II early this year regarding exemption from capital gains tax and tax on foreign-sourced income for unit trusts, the enabling legislations have been gazetted.

Click [here](#) for more details.

### New Zealand FS

- On 26 August, the Minister of Revenue introduced the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Bill (the Bill) into the House. Apart from the proposed measures, the Bill also includes a number of technical remedial changes across several different tax types and regimes, including GST, trustee tax rate, partnership, land tax, international tax, and R&D.

Further details are available [here](#).

### Singapore FS AWM

- On 1 October 2024, the Monetary Authority of Singapore issued a circular (FDD Cir 10/2024) titled "Tax Incentive Schemes for Funds providing details of the extension and revisions to the fund tax incentive schemes provided under sections 13D, 13O and 13U of the Income Tax Act 1947 ("ITA") and details of the new fund tax incentive scheme for Singapore limited partnership funds under section 13OA of the ITA. The enhancements and revisions to the qualifying conditions of the Fund Tax Incentive Schemes apply to non-Single Family Office ("SFO") funds except those pertaining to the 13D Scheme will apply to both SFO funds and non-SFO funds

See our [Tax Bulletin](#) for more information.

Other Singaporean tax updates and publications are also available [here](#).

### Taiwan FS

- Amendments to Income Tax Act, which was passed in May 2024 (refer to our earlier [Tax Updates](#)) and amendments to Act for Development of Small and Medium Enterprises, were promulgated on 7 August 2024.

Click [here](#) for more information.

### International FS

- The World Trade Organization (WTO) circulated draft text of the E-commerce Agreement under the Joint Statement Initiative (JSI) on Electronic Commerce on 26 July 2024. From a tax perspective, the JSI is important for two main reasons - it provides a commitment to prohibit imposing customs duties on electronic transmissions and it supports measures to promote e-invoicing. More broadly, the JSI outlines a comprehensive framework for digital trade covering matters such as: paperless trading and data exchanges to facilitate digital trade; consumer protection (designed to enhance consumer confidence and trust in e-commerce); personal data protection; cybersecurity; and e-payments.

Click [here](#) for more information.

For other international tax developments, updated on a monthly basis, please click [here](#).

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