

Asia Pacific Financial Services

Tax Highlights





December 2022 - January 2023

Happy New Year and welcome to our December / January 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 latest monthly tax updates include:

- To give effect to one of the Government's 2022–23 Federal Budget proposals, [exposure draft legislation](#) has been released which seeks to align the tax treatment of off-market share buy-backs undertaken by listed public companies with the on-market share buy-back tax treatment. Read more in our [Tax Alert](#).
- The Australian Taxation Office (ATO) has updated its [Practical Compliance Guideline PCG 2017/2](#) on the simplified transfer pricing record-keeping options available for the 2022–23 income year.

Mainland China

The State Taxation Administration (STA) published the 'China Advance Pricing Arrangement Annual Report (2021)' (2021 Annual Report), on 21 November 2022. The 2021 Annual Report contains statistical data and analysis of the advance pricing arrangement (APA) cases from 2005 to 2021. PwC expects that with the various innovative measures launched by China tax authorities, it is foreseeable that the number of APAs signed will further increase in the future, especially the number of unilateral APAs that qualify for the simplified procedures. Click [here](#) to read more.

Hong Kong SAR

- Following the industry consultation from March to April 2022 on a proposal for Hong Kong's family office tax concession regime, the Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Bill 2022 (Bill) was gazetted on 9 December 2022.

The Bill seeks to provide profits tax concession for an eligible family-owned investment holding vehicle (FIHV) managed by an eligible single family office in Hong Kong SAR, such that the FIHV's assessable profits earned from qualifying transactions and incidental transactions (the latter being subject to a 5% threshold) would be subject to a 0% profits tax rate. The tax concession will take retrospective effect from the year of assessment commencing on 1 April 2022. Read this [News Flash](#) for more insights.

- Further to the gazettal of the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Bill 2022 (Bill) which introduces refinements to Hong Kong's foreign-sourced income exemption (FSIE) regime, the Bill was gazetted as the amendment ordinance (Ordinance) on 23 December 2022. The Ordinance will come into operation on 1 January 2023. Refer to our dedicated [webpage](#) on the refined FSIE regime and this [News Flash](#) highlighting the key updates since the gazettal of the Bill and our observations.

More publications and news relating to the financial services industry are available [here](#).

India

The latest tax updates include:

- Tribunal holds that brought forward business loss and unabsorbed depreciation would be set-off against foreign dividend income. Click [here](#) for details.
- Gains derived by Mauritius taxpayer on sale of shares of Indian company not taxable in India as per pre-amended Article 13(4) of the India-Mauritius DTAA – Delhi bench of the Tribunal. Click [here](#) to read more.

On another note, we are pleased to present our annual compilation, [Tax Glimpses 2022](#), which brings a concise analysis of important judgements and noteworthy regulatory developments in corporate tax, financial services, M&A, transfer pricing and indirect taxes during 2022.

Other tax updates and insights in India are available [here](#).

Indonesia

On 20 December 2022, the Government issued Regulation No.GR-55 to implement the Income Tax Law amendments introduced under the Harmonisation of Tax Regulations (HPP) Law. GR-55 revokes several Government Regulations (GR) and consolidates the contents into this GR. It covers the following broad topics: a) territorial taxation for foreigners; b) non-taxable objects; c) deductible expenses; d) depreciation and amortisation; e) benefits-in-kind; f) anti-tax-avoidance measures, and g) international tax agreements. Click [here](#) to know more.

Click [here](#) for other tax updates and insights in Indonesia.

Japan

On 16 December 2022, the Liberal Democratic Party and Komeito Party announced the 2023 Tax Reform Proposals (Proposals). As with the 2023 Tax Reform, the Proposals are focused on growing the economy and distributing wealth fairly by promoting investment in markets, industries and human resources. This [newsletter](#) provides an overview of the major revisions contained in the Proposals.

In addition, the Proposals include a legislative outline to implement a global minimum corporate tax based on the Global Anti-Base Erosion Model Rules (Pillar Two) published by the OECD (the 'GloBE Model Rules'). Click [here](#) to read more.

Other Japanese updates and insights are also available [here](#).

South Korea

The government's bill to amend 15 kinds of tax laws including the Corporate Income Tax Law was finalised and approved by the National Assembly on 23 December 2022. The approved bill includes a few changes which were not contained in the government's bill including, among others, a new provision to apply a special tax treatment to income attributed to an overseas transparent entity. Click [here](#) to read more.

Malaysia

Malaysian Investment Development Authority has issued updated guidelines on 3 November 2022, including the Guidelines and Procedures for the Application of Special Tax Incentive under the National Economic Recovery Plan. Read this [newsletter](#) for more information.

New Zealand

Draft legislation was recently circulated which will impact New Zealand taxpayers that are dual tax resident companies. The legislation includes amendments to historic tax avoidance provisions that are no longer required given the introduction of New Zealand's anti-hybrid rules, as well as proposed new integrity measures. The proposed legislation is expected to be enacted in March 2023 but with retroactive effect to 30 August 2022. Read our [tax news](#) for the key takeaways of these rules.

Taiwan

On 26 October 2022, the Ministry of Finance added supplemental information to Frequently Asked Questions (FAQs) on the Controlled Foreign Company (CFC) rules. Click [here](#) for a summary of the salient points of supplemental information to the FAQs.

Thailand

A Cabinet resolution dated 29 November 2022 approved the revocation of the specific business tax exemption on the sale of listed securities. Once this becomes law, revenue generated from the sale of listed securities will be subject to specific business tax. Read this [newsletter](#) to know more.

Other tax and legal insights are also available [here](#).

International updates FS

- On 8 December 2022, the OECD released a public consultation document on Amount B of Pillar One (Consultation Document). The Consultation Document sets out the main design elements of Amount B, which aims to standardise the remuneration of related party distributors that perform baseline marketing and distribution activities. This [newsletter](#) provides a short overview of the proposed rules and some initial observations.
- Furthermore, on the one-year anniversary of issuing the Pillar Two Model Rules, 20 December 2022, the OECD released four guidance documents related to Pillars One and Two: 1) Pillar Two Guidance on Safe Harbors and Penalty Relief; 2) Pillar Two public consultation document on Tax Certainty for the GloBE Rules; 3) Pillar Two public consultation document on the GloBE Information Return; and 4) Pillar One public consultation document on the Draft Multilateral Convention Provisions on Digital Services Taxes and other Relevant Similar Measures. Click [here](#) to read more.

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

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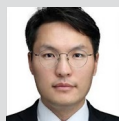
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