

Asia Pacific Financial Services

Tax Highlights





May 2024 – July 2024

Welcome to our May – July 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 Federal Treasury has adopted a new approach to managing Foreign Investor Compliance by issuing 'Non-Compliance Detection Letters' to notify foreign investors of suspected breaches of Foreign Investment Review Board (FIRB) tax conditions or other foreign investor compliance obligations.

Click [here](#) for more information.

- On 27 March 2024, the Federal Parliament has passed the [Treasury Laws Amendment \(Making Multinationals Pay Their Fair Share - Integrity and Transparency\) Bill 2023](#), which contains major reforms to Australia's thin capitalisation regime and will apply to taxpayers with effect for income years commencing on or after 1 July 2023.

See our [tax alert](#) for an overview of the new thin capitalisation regime and [highlights](#) for preparation for the first-year end.

Mainland China

- On 18 April 2024, the Beijing Municipal Tax Service issued the [Measures for Advance Tax Rulings of Beijing Municipal Tax Service, State Taxation Administration \(Trial\)](#), which took effect on the same day. The advance tax ruling regime will help enterprise taxpayers in Beijing to obtain tax certainty on the application of tax policies to proposed complex and material tax matters and assist these enterprises in better evaluating tax costs and making informed business decisions.

Read our [publication](#) to know more.

Hong Kong

- On 3 July 2024, the Financial Services and the Treasury Bureau (FSTB) released the [consultation conclusion](#) regarding its proposals to introduce a company re-domiciliation regime, which was published after receiving feedback regarding its consultation paper on the design of the proposed regime and related amendments to the Companies Ordinance and Inland Revenue Ordinance issued in March 2023.

[Here](#) is a summary of the salient features of the latest legislative proposals and insights on the respective changes.

- Proposed Hong Kong stamp duty waiver for the transfer of REIT units and jobbing business performed by option market-makers: the Government recently submitted to the Legislative Council (LegCo) Panel on Financial Affairs, its proposal on the stamp duty waiver for the transfer of (i) units of Real Estate Investment Trusts (REIT) and (ii) jobbing business performed by option market-makers. The Government proposes to include REIT transactions and related definitions in the Stamp Duty Ordinance (SDO), and stipulate the coverage of the stamp duty waiver. For the jobbing business performed by options market-makers, the Government's main proposals include removing the relevant SDO provisions on the fixed-rate stamp duty payable by options market-makers to perform jobbing business, and removing the requirement to make and stamp contract notes for relevant transactions.

The Government aims to introduce a bill on the above legislative proposals into the LegCo within 2024.



- **Section 45 intragroup stamp duty relief - Court of Appeal ruled in favour of Collector of Stamp Revenue in *John Wiley case*:** In July 2022, the District Court (DC) held in *John Wiley & Sons UK2 LLP and another v. The Collector of Stamp Revenue* that the membership interest in a UK LLP is “issued share capital” within the meaning of section 45 of the Stamp Duty Ordinance (SDO), and the appellants (being the transferor and transferee) were “associated bodies corporate” within the meaning thereof and entitled to the stamp duty relief.

The Collector of Stamp Revenue’s (Collector) appealed to the Court of Appeal (COA) and the appeal was heard on 26 April 2024. On 5 July 2024, the COA allowed the Collector’s appeal and held that a UK LLP does not have issued share capital within the meaning of Section 45 and thus the appellants are not entitled to the stamp duty relief under Section 45 of the SDO.

Click [here](#) for the newsflash for more information.

India



- The Delhi High Court upheld the order of the Income-tax Appellate Tribunal (Tribunal) and held that the interest income earned by the Indian branch or permanent establishment (PE) of the taxpayer foreign bank from the overseas head office (HO) or other overseas branches was not taxable in India as the PE and the HO or overseas branches were not separate legal entities but one person only and one person could not earn profit from itself.

Click [here](#) for more information.

- The Hon’ble Finance Minister of India presented seventh consecutive budget proposals on 23 July 2024. The days leading up to the budget event were high on both anticipation and expectation since this was the first budget presented by the re-elected government under the Hon’ble Prime Minister, Mr. Modi. Proposals announced in the budget set out the ‘Roadmap for Viksit Bharat (Developed India)’.

Click [here](#) for more information.

Indonesia



- In May 2024, the Government issued Minister of Finance Regulation No. PMK-28, which provides several updates as well as more detailed elaboration of matters related to the administrative procedures, investment provisions, obligations, prohibitions and adding exceptions that governs the facilities in the National Capital.

Click [here](#) for more information.

Malaysia



- Updated foreign-sourced income guideline - following the gazette of the Income Tax (Exemption) (No. 6) Order 2022 (Amendment) Order 2024, the Inland Revenue Board (IRB) has issued the Updated Guidelines on Tax Treatment in relation to Income Received from Abroad (2024 FSI Guidelines) on 20 June 2024. It also takes into account various refinements since its was first issued in September 2022.

Click [here](#) for key highlights.

New Zealand



- In May, the Coalition Government delivered the 2024 Budget, which focused on the previously announced tax relief package alongside significant public sector savings. While limited, the new spending revealed today is focused on health, education, and law and order.

Click [here](#) for more details.

Philippines



- The Bureau of Inland Revenue (BIR) has issued Revenue Memorandum Order No. 23-2024 to provide the guidelines, policies and procedures in the implementation of the risk-based approach in the verification of Valued Added Tax refund claims under Section 112(A) of the National Internal Revenue Code (Tax Code).

- Click [here](#) for more information.

South Korea



- Click [here](#) to download the booklet with an overview of Korean corporate and individual income taxes, and [here](#) for more Korean tax updates.

Taiwan



- On 2 May 2024, the Executive Yuan passed draft amendment to the Income Tax Act, which aims to optimise the withholding tax (WHT) system by expanding or amending the clauses and definition related to WHT.

Click [here](#) for more information.

Vietnam



- On 23 April 2024, the Prime Minister signed Decision 508/QD-TTg approving the tax system reform strategy through to 2030, with a focus on building a modern and effective taxation regime.
- Click [here](#) for more information.

International



- On 17 June 2024, the OECD released [supplementary guidance on Amount B of Pillar One](#) (the supplementary guidance) that includes definitions of ‘qualifying jurisdictions’ to apply the operating expense cross-check and data availability mechanism. The supplementary guidance also includes a list of ‘Covered Jurisdictions’ within scope of the political commitment on Amount B.

Click [here](#) for more information.

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

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Contact our Asia Pacific Financial Services Tax Leadership network



Rex Ho

Asia Pacific Financial Services Tax Leader
Hong Kong SAR



Matthew Wong

Asia Pacific Asset & Wealth Management Tax Leader
Mainland China



Liam Collins

Asia Pacific Banking & Capital Markets Tax Leader
Australia



John Chan

Asia Pacific Insurance Tax Leader
Hong Kong SAR



Stuart Porter

Asia Pacific Real Estate Tax Leader
Japan



Jesse Kavanagh

Asia Pacific Financial Services Tax Transformation Leader



Manuel Makas

Partner
Australia



Tushar Sachade

Partner
India



Margie Margaret

Partner
Indonesia



Kenji Nakamura

Partner
Japan



Hoon Jung

Partner
South Korea



Jennifer Chang

Partner
Malaysia



Darryl Eady

Partner
New Zealand



Malou P. Lim

Partner
Philippines



Lennon Lee

Partner
Singapore



Jessie Chen

Partner
Taiwan



Orawan Fongasira

Partner
Thailand



Nghiem Hoang Lan

Partner
Vietnam

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