

Asia Pacific Financial Services

Tax Highlights


November 2024 – January 2025

Our Asia Pacific Financial Services Tax Highlights, draws your attention to the latest developments and hottest issues facing the industry in the region.

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

Legend:

This development is relevant to the following:

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

Australia

- Australia's Pillar Two primary legislation was passed by the Australian government on 27 November 2024, paving the way for substantive enactment of the Global and Domestic Minimum Tax rules. Click [here](#) for more information.
- The Treasury has released a [consultation paper](#) seeking views on options for Australia's [implementation](#) for the Crypto Asset Reporting Framework (CARF) and associated amendments to the Common Reporting Standard (CRS). The consultation paper explores a comparison of two options for implementation in Australia – adopting the OECD CARF into Australian tax law, or developing a bespoke approach with the same policy intent. Comments will close on 24 January 2025.

For a summary of the above and more Australian tax updates, click [here](#).

Hong Kong

- On 25 November 2024, the Financial Services and Treasury Bureau issued a Consultation Paper setting out details of its plans to enhance the preferential tax regimes for the asset and wealth management industry. Specifically, the Consultation Paper sets out the proposed enhancements to the unified fund exemption (UFE) regime, the family-owned investment holding vehicle (FIHV) tax concession regime and the carried interest tax concession regime. The consultation period closed on 3 January 2025.

For details and observations on the proposed enhancements on the carried interest tax concession and UFE regimes, please click [here](#).

For more on the proposed enhancements to the FIHV tax concession regime, please click [here](#).

- The Legislative Council passed the bill for the waiver of stamp duty payable on the jobbing business of options market makers (OMMs) (i.e., HK\$5 per trade) and the transfer of Real Estate Investment Trust (REIT) shares or units on 11 December 2024, and gazetted it as the Stamp Duty Legislation (Miscellaneous Amendments) Ordinance 2024 on 20 December 2024. The stamp duty waiver on the jobbing business of OMMs and the transfer of REIT shares or units took effect on 21 December 2024.
- On 13 December 2024, the Government informed the OECD of Hong Kong's commitment to implementing CARF for enhancing international tax transparency and combating cross-border tax evasion. Based on the latest timetable set by the OECD's Global Forum, the Government aims to commence the first automatic exchanges with relevant jurisdictions under CARF from 2028, based on the initial plan that the necessary local legislative amendments can be put in place by 2026.
- Following our July update, the bill on company re-domiciliation regime (Companies (Amendment) (No. 2) Bill 2024) was gazetted on 20 December 2024. Under the bill, a re-domiciled company will be treated in the same way as a Hong Kong-incorporated company. More details will be set out in a Hong Kong Tax News Flash.

- The bill to implement global minimum tax (GloBE) and Hong Kong minimum top-up tax (HKMTT) was gazetted on 27 December 2024 and was introduced to the Legislative Council for its first reading on 8 January 2025. Subject to the bill's passage, the GloBE rules and the HKMTT will take effect as follows:

- Income inclusion rule and HKMTT – effective for a fiscal year beginning on or after 1 January 2025
- Undertaxed profits rule – effective date to be specified by notice published in the Gazette
- Definition of a Hong Kong resident entity – effective retrospectively from 1 January 2024.

More details will be set out in a Hong Kong Tax News Flash.

India FS

- The Jodhpur bench of the Income-tax Appellate Tribunal concluded that the gain on sale of cryptocurrency prior to the amendment for the Finance Act, 2022 related to the taxation of virtual digital assets is chargeable to tax under “capital gains” and not “income from other sources”. Click [here](#) for more information.

Click [here](#) for more Indian tax updates.

Indonesia FS BCM

- On 18 October 2024, the Ministry of Finance issued PMK-74 to update previous regulations regarding the rules on deductible bad debt provisions for certain financial institutions, applicable from fiscal year 2024. More details and the impact on banks, financing companies, and others are set out in this [tax flash](#).

Malaysia FS

- Key tax proposals of Budget 2025 based on the speech as announced by the Prime Minister and Finance Minister on 18 October 2024 are set out in these editions of TaXavvy ([links here](#) and [here](#)).

For more Malaysian tax updates, please click [here](#).

Singapore FS

- 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. Click [here](#) for more details.
- The Inland Revenue Authority of Singapore (IRAS) announced that Singapore has committed to the implementation of the Crypto-Asset Reporting Framework (CARF) with the signing of the Multilateral Competent Authority Agreement on Automatic Exchange of Information pursuant to the Crypto-Asset Reporting Framework (CARF MCAA) and the Addendum to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (the Addendum to the CRS MCAA). Exchanges under the CARF are expected to commence by 2027 or 2028 at the latest. The IRAS will work with the industry to help affected entities meet their reporting obligations. Click [here](#) for more details.

South Korea FS

- Click [here](#) for a summary of the Government's Tax Reform Proposals for 2024 Approved by the National Assembly.

Click [here](#) for more Korean tax updates.

Taiwan FS

- The Ministry of Finance announced draft amendments to profit-seeking enterprise alternative minimum tax rate to align with the OECD's Global Minimum Tax framework. Click [here](#) for more details.

Vietnam FS

- Vietnam's draft decree on global minimum tax was published for comments until 6 December 2024. The draft decree is, in principle, aligned with the OECD Pillar 2 model rules and commentary, with the objective of meeting the conditions for a Qualified Domestic Minimum Top-up Tax (QDMTT) and a Qualified Income Inclusion Rule (Qualified IIR). Click [here](#) for more details.
- On 26 November 2024, the National Assembly approved the new VAT Law No 48/2024/QH15 which will take effect from 1 July 2025. Click [here](#) for more details.

International FS

Highlights include:

- A significant milestone: Global implementation of the crypto-asset reporting framework. Click [here](#).
- Council of the European Union adopts FASTER. Click [here](#).
- European Commission puts forward proposal (DAC9) to simplify Pillar Two implementation. Click [here](#).
- Implementation of the Italian penalty protection regime for hybrid mismatches. Click [here](#).
- Cyprus passes the global minimum tax (Pillar Two). Click [here](#).
- German Pillar Two Tax Amendment Act published. Click [here](#).
- Germany publishes final anti-hybrid rules guidance. Click [here](#).
- Guernsey enacts Pillar Two rules. Click [here](#).

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

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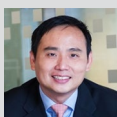
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