

Asia Pacific Financial Services

Tax Highlights

January 2022

Happy New Year and welcome to our January 2022 edition of Asia Pacific Financial Services Tax Highlights, where we draw your attention to the latest developments and hottest issues for 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:

- AWM Asset & Wealth Management
- BCM Banking & Capital Markets
- INS Insurance
- FS All



Australia FS

The Australian Taxation Office (ATO) has finalised Practical Compliance Guideline PCG 2021/5 (PCG) which sets out the expectations regarding the Commissioner's assessment of risk in connection with the imported hybrid mismatch rules. This PCG is relevant to any Australian taxpayer that makes any cross-border related party payments (including interest, royalties, management fees, etc.). Click [here](#) for more information.

Hong Kong SAR AWM

The Inland Revenue (Amendment) (Tax Concessions for Carried Interest) Ordinance 2021 was enacted to give [profits tax and salaries tax](#) concessions in relation to eligible carried interest received by, or accrued to, qualifying persons and qualifying employees from the provision of investment management services to certified investment funds. As one of the conditions for obtaining the tax concessionary treatment, the investment fund which distributes the carried interest would need to be certified by the Hong Kong Monetary Authority (HKMA).

According to the certification guideline issued by the HKMA in July 2021, for carried interest received or accrued in the period from 1 April 2020 to 31 March 2021 (which falls under the year of assessment 2020/21), a certification application form was required to be submitted to the HKMA

by 31 December 2021. However, in light of the requests from the industry, the HKMA advised that such deadline is now extended to 31 March 2022.

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

India FS

The Central Board of Indirect Taxes and Customs (CBIC) has issued two Notifications with the aim of bringing into force, with effect from 1 January 2022, certain provisions of the Finance Act, 2021 (Finance Act) as well as the Central Goods and Services Tax (Eighth Amendment) Rules, 2021 (Amendment Rules). Click [here](#) to read more.

On another note, we are pleased to present our annual compilation, [Tax Glimpses 2021](#), which summarises the significant tax and regulatory developments between December 1, 2020 until November 30, 2021.

More tax and regulatory insights are available [here](#).

Indonesia FS

On December 23, 2021, the Ministry of Finance (MOF) issued Regulation No. PMK-1961 to provide the procedures to apply for the Voluntary Disclosure Programmes (VDPs) as mandated under the Harmonisation of Tax Regulations (Harmonisasi Peraturan Perpajakan/ HPP) Law. Click [here](#) for more details.

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Tax Highlights

Japan

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INS

The 2022 tax reform proposals (known as Taiko) submitted by the Government's Ruling Party were released on December 10, 2021. These proposals are submitted to the Japanese parliament (Diet) in early 2022:

- Clarification of taxation on income derived from settlement of derivative transactions for non-residents
- Expansion of the application of earning stripping rules to foreign corporations without a permanent establishment in Japan
- Modifications of the controlled foreign corporation (CFC) rules for insurance companies, etc.

Click [here](#) for more details on the 2022 tax reform proposals.

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

South Korea

FS

The Ministry of Economy and Finance (MOEF) announced the government's bill to amend the Presidential Decrees of tax laws on January 6, 2022. Some significant changes contained in the government's bill include:

- Expanded scope of deductible costs for difference from exercise of stock options
- New reporting requirements for foreign liaison offices
- Special tax treatment for stock options granted by venture business subsidiaries
- New transfer pricing guidance on financial transactions

Click [here](#) for more information.

Malaysia

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The latest tax updates include:

- The Ministry of Finance has made announcements in relation to foreign-sourced income exemption and stamp duty on listed shares. This [TaXavy](#) highlights the key developments on Budget 2022 proposals.
- Following the issuance of the Income Tax (Special Treatment for Bank or Development Financial Institution which Adopt Malaysian Financial Reporting Standard (MFRS) 9: Financial Instruments) Regulations 2021, the IRB has issued Guidelines on the Income Tax Treatment for Bank or Development Financial Institution which adopt MFRS 9 - Financial Instrument.

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

Philippines

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Certain BIR forms were revised due to the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. Click [here](#) for more details.

Other developments in tax and business law in the Philippines are also available [here](#).

Taiwan

FS

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

- Legislative Yuan passed third reading of amendment to Tax Collection Act on November 30, 2021
- Tax treaties signed by Taiwan with Saudi Arabia and South Korea respectively

Thailand

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On December 28, 2021, the Cabinet approved Thailand becoming a party to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). Once a party to the MLI, Thailand will be able to amend multiple double tax agreements (DTAs) with other countries at the same time and fulfil minimum standard obligations of Actions 6 and 14 of the BEPS framework. Click [here](#) to read more.

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

International updates

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The latest tax updates include:

- The Organisation for Economic Co-operation and Development (OECD) and European Commission (EC) recently released several documents in relation to the tackling of international tax avoidance, including the long-awaited BEPS 2.0 Pillar Two Global Anti-Base Erosion (GloBE) Model Rules on December 20, 2021 to assist in the implementation of a landmark reform to the international tax system, which will ensure that Multinational Enterprises (MNEs) will be subject to a minimum tax rate of 15% from 2023. Click [here](#) for more details.
- Download our [Annual Global Crypto Tax Report 2021](#), which shows an increase in jurisdictions worldwide issuing tax guidance that is increasingly more comprehensive, however the tax authorities are not moving as fast as the industry developments in areas such as Decentralised Finance (DeFi) and Non-Fungible Tokens (NFTs). Our other [NFTs Report](#) covers the sparse guidance to date on various legal, regulatory, accounting, and tax issues related to NFTs.

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

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