

Tax News

PwC Singapore | Tax Services



Tax updates for the period 22 December 2022 to 16 February 2023

Singapore updates

Singapore Budget 2023

Singapore's FY2023 Budget Statement was announced by Deputy Prime Minister and Minister for Finance, Mr Lawrence Wong on Tuesday, 14 February 2023 in the Parliament.

Themed "Moving forward in a new era", Budget 2023 is largely focused on building capabilities and seizing new opportunities in a new era of global development, with support for young families and continued assistance for the more vulnerable groups to cope with rising cost of living.

[Click here](#) for details.

Transfer Pricing

The IRAS has updated its webpage in January 2023 to add the indicative margin for related party loans for 2023. For related party loan not exceeding \$15 million obtained or provided during the period 1 Jan 2023 to 31 Dec 2023, the indicative margin (on top of the applicable base reference rate) is 230 bps (2.30%).

[Click here](#) for details.

Goods and services tax

The IRAS has updated several GST circulars, webpages and other publications with the change in GST rate from 7% to 8% on 1 January 2023 and from 8% to 9% on 1 January 2024. GST circulars and webpages with other key amendments are also highlighted as follows:

Name of IRAS circular	Amendments include (but not limited to)
GST: Guide on Hand-Carried Exports Scheme (Sixth Edition)	<ul style="list-style-type: none"> Highlight changes to the Hand-Carried Exports Scheme (HCES) process and operational procedures following the cessation of physical endorsement of HCES permits with effect from 3 January 2023.
GST: Guide for Motor Vehicle Traders (Sixth Edition)	<ul style="list-style-type: none"> Clarify on Gross Margin Scheme and Discounted Sale Price Scheme.

GST: GST and the Gold Jewellery Industry (Fourth Edition)	<ul style="list-style-type: none"> Clarify that the value and GST charged on workmanship fee is to be reported as standard rated supply and output tax in GST return.
GST: Guide on Reimbursement and Disbursement of Expenses (Fifth Edition)	<ul style="list-style-type: none"> Update for revised GST treatment on motor car expenses.
GST: Guide on Exports (Eighth Edition)	<ul style="list-style-type: none"> Remove mention of physical endorsement on the export permit in view of customs' cessation of physical endorsement of HCES permits.
GST: Guide for Retailers (Fifth Edition)	<ul style="list-style-type: none"> Clarify price display requirements and GST treatment for rebates and returned goods.
GST: Assisted Compliance Assurance Programme (ACAP) (Second Edition)	<ul style="list-style-type: none"> Reflect legislative changes arising from extension of reverse charge to imported low-value goods (LVG) and extension of overseas vendor registration regime to imported non-digital services and imported low-value goods with effect from 1 January 2023.
GST: Renewal of Assisted Compliance Assurance Programme (ACAP) Status (Fourth Edition)	

Name of IRAS webpage	Amendments
Conditions for Claiming Input Tax	<ul style="list-style-type: none"> Reflect the revised GST treatment of motor car expenses and to remove example on COVID-19 related medical expenses following changes to the COVID-19 measures.

The IRAS revised its circular entitled "2023 GST Rate Change: A Guide for GST-registered Businesses (Fourth Edition)" on 10 January 2023 to clarify the date of receipt of payment in respect of ad-hoc electronic funds transfer via GIRO.

[Click here](#) for details.

MLI changes to Singapore's DTAs with Bulgaria and South Africa enter into force on 1 January 2023

The amendments made by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) to Singapore's Avoidance of Double Taxation Agreements (DTA) with Bulgaria and South Africa took effect on 1 January 2023.

[Click here](#) for details.

International updates

OECD releases Administrative Guidance on the Pillar Two Global Minimum Tax Rules

The Organisation for Economic Co-operation and Development (OECD) released Administrative Guidance (guidance) on the Pillar Two Global Anti-Base Erosion Rules (GloBE Rules) on 2 February 2023. The guidance was approved by the

OECD/G20 Inclusive Framework on BEPS (IF) and is therefore not subject to public consultation. The guidance primarily focuses on (some but not all) previously unaddressed areas under the GloBE Rules.

[Click here](#) for details.

OECD Pillar One and Two Updates

On 20 December 2022, the OECD released the following documents on Pillar Two of Base Erosion and Profit Shifting (BEPS) 2.0:

- guidance on safe harbours and penalty relief;
- public consultation document on the GloBE information return; and
- public consultation document on the tax certainty for the GloBE rules.

[Click here](#) for an overview of these documents. For a detailed discussion, please refer to the [PwC Global Tax Policy Alerts \(see our Tax News\)](#).

European Council formally adopted the Foreign Subsidy Regulation

After the European Parliament's approval on 10 November 2022, the Council formally adopted, on 28 November 2022, the regulation on foreign subsidies (FSR) that, in certain cases, are distorting the internal market.

The FSR is the latest instrument by which the European Commission (EC) aims to ensure a level playing field in the internal market and to execute its broader EU 2020 industrial policy.

[Click here](#) for details.

VAT in the Digital Age proposals published by the EC

On 8 December 2022, the EC published significant, and much anticipated, proposals to amend the VAT directive and Implementing Regulation with respect to the VAT in the Digital Age initiative.

[Click here](#) for details.

EC publishes crypto and other revised reporting proposals for tax (DAC8)

The European Parliament's recommendations to the EU Commission on a fair and simple taxation strategy included further categories of income and assets, such as crypto assets, to include in the scope of automatic exchange of information. The seventh potential update published by the EC to the EU's Directive on Administrative Cooperation on Tax (DAC), which would make this DAC8, is to address certain deficiencies that have been identified in the scope of the automatic exchange of information, including to set minimum levels of financial penalties with respect to serious non-compliance.

[Click here](#) for details.

Overseas updates

China

During the 38th Session of the Standing Committee of the 13th National People's Congress (NPC) held in Beijing from 27 December 2022 to 30 December 2022, the Standing Committee of the NPC reviewed and released the Draft VAT Law of the People's Republic of China, which is an important milestone in China VAT legislation process.

[Click here](#) for details.

Hong Kong

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 was gazetted on 9 December 2022.

[Click here](#) for details.

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 regime, the Bill was passed by the Legislative Council on 14 December 2022 together with certain amendments subsequently made to the Bill through the Committee Stage Amendments. The Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 came into operation on 1 January 2023.

[Click here](#) for details.

India

The Mumbai bench of the Tribunal held that the extended time limit of 16 years for reassessment to tax foreign asset would not be applicable to assessments which stood concluded and time-barred prior to the effective date of the amendment providing the time limit.

[Click here](#) for details.

The Delhi bench of the Tribunal held that the receipts from Disaster Recovery Uplinking Services, which primarily involves a process wherein signals are taken from the transmission equipment and sent to the satellite for broadcasting, cannot be categorised as royalty for the use or right to use of a process under Article 12 of the India-Singapore DTA. It also held that Disaster Recovery Playout Services (playout services), which merely involves the provision of uninterrupted availability of the playout service at a pre-determined level, are not in the nature of fees for technical services as they do not make available any technical knowledge, experience, skill, know how, or process or consist of the development and transfer of any technical plan or technical design.

[Click here](#) for details.

Indonesia

On 5 December 2022, the Minister of Finance issued PMK-177 regarding the Tax Audit on Preliminary Evidence of a Tax Crime (Bukti Permulaan/Bukper). PMK-177 revokes PMK-239 on Bukper tax audit and Articles 107 and 114 of PMK-18 on Job Creation Law in Taxation. PMK-177 is effective from 3 February 2023.

[Click here](#) for details.

On 12 December 2022, the Government issued Regulation No.GR-50 to implement the General Tax Provisions (Ketentuan Umum Perpajakan/KUP) introduced under the Harmonisation of Tax Regulations (Harmonisasi Peraturan Perpajakan/HPP) Law. GR-50 revokes GR-74 and all KUP provisions in GR-9, however, all the relevant implementing regulations are still valid as long as they do not contradict this GR-50.

[Click here](#) for details.

On 20 December 2022, the Government issued Regulation No.GR-55 to implement the Income Tax Law amendments introduced under the HPP Law.

[Click here](#) for details.

Japan

On 16 December 2022, the Liberal Democratic Party and Komeito Party announced the 2023 Tax Reform Proposals (the 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.

[Click here](#) for details.

Malaysia

The Inland Revenue Board has issued the Guidelines on Tax Treatment of Income Received from Abroad (Amendment) dated 29 December 2022.

[Click here](#) for details.

The Royal Malaysian Customs Department issued the Announcement LVG 1/2023 dated 6 January 2023 to confirm the following:

- The legislation related to sales tax on LVG takes effect from 1 January 2023; and
- The effective date for the imposition of sales tax on imports of LVG will be 1 April 2023.

[Click here](#) for details.

The January issue of TaXavvy covers Return Form Filing Programme for the year 2023, tax investigation framework, revised real property gains tax guidelines, gazette order for tax incentive for relocation of services to Malaysia, amongst other updates.

[Click here](#) for details.

South Korea

The government's bill to amend 15 kinds of tax laws including the Corporate Income Tax Law was finalized 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, amongst others, a new provision to apply a special tax treatment to income attributed to an overseas transparent entity. Most of the amendments approved is effective from 1 January 2023 unless otherwise specified.

[Click here](#) for details.

Following the amendment of tax laws at the end of December 2022, the Ministry of Economy and Finance announced the government's bill to amend the Presidential Decrees of these tax laws on 18 January 2023 to seek public comments thereon until 3 February 2023. The government's bill will be proclaimed in February 2023 after being finalized in the cabinet meeting. If approved, most of the proposed amendments to the Presidential Decrees will take effect from the date the amended rules are proclaimed or from the fiscal year in which the effective date falls, unless otherwise specified.

[Click here](#) for details.

South Korea's parliament approved a budget bill for 2023 on 23 December 2022, which includes the Korean rules on global minimum tax. The newly enacted rules

are added to the existing Korean Law for the Coordination of International Tax Affairs (the LCITA) by establishing a new section (Section 5).

Section 5 of the LCITA includes five sub-sections and 27 Articles which correspond closely to the OECD's Pillar Two Model Rules. The rules include an Income Inclusion Rule and 'Supplementary rules for income inclusion' (referred to as the Undertaxed Payments Rule in the OECD Model Rules). Both rules will be effective for fiscal years beginning on or after 1 January 2024. Now that the new rules are in force, South Korea is the first country in the world that has codified the global minimum tax rules in its domestic legislation.

[Click here](#) for details.

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.

[Click here](#) for details.

The Revenue Department confirmed that Thailand has signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (CbC MCAA). Under the agreement, Country-by-Country Reports (CbCR) collected by the country of residence of an MNE can be automatically exchanged with other jurisdictions in which the MNE operates that are also party to the MCAA once the exchange relationships have been activated. Thailand is now in the process of activating exchange relationships with 93 other CbC MCAA signatories (number as of 22 November 2022). The Revenue Department is confident that the exchange relationship with all these MCAA signatory members will be complete in time for the FY2021 CbCR onwards. This development will allow Thailand to automatically exchange the CbCR with other CbC MCAA signatories for FY2021 and beyond.

[Click here](#) for details.

International tax news

Analysis of tax developments worldwide

International Tax News is designed to help multinational organisations keep up with the constant flow of tax developments. Topics featured in the December 2022 edition include:

- 2023 Budget Law proposal for Portugal submitted to Parliament
- New Zealand circulated draft legislation affecting dual tax resident companies
- Federal Parliament of Germany resolves legislative changes to the taxation of payments for German-registered rights
- Mexico considers ATAD 3

[Click here](#) for details.

Global VAT Online – a summary of updates

PwC's Global VAT Online provides up-to-date business critical information on VAT/ GST rates, rules and requirements around the world to help you maintain control, mitigate risk and improve the overall effectiveness of your VAT/ GST function. It is a subscription service for all your indirect tax needs in a digital world.

[Click here](#) for details.

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PwC has developed a one-stop tool that has comprehensive coverage of tax, business insights and investment locations across the Asia Pacific region.

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Green Taxes and Incentives Tracker

PwC's Green Taxes and Incentives Tracker helps you discover details about climate and carbon-related tax matters where your company operates; it covers more than 800 taxes and 600 green incentives in 88 countries and regions around the world that can affect critical business strategies and operations.

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Tax Policy Bulletin

Drawing on our experience of tax policy issues and insight from relationships with organisations such as the OECD, we have put together a series of Tax policy bulletins. With analysis and insight on policy changes around the world, these bulletins are designed to help you stay up-to-date with the latest developments and explain what these changes mean for you and your business.

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Contact us

If you would like to discuss any of the issues raised, please get in touch with your usual PwC contact or any of the individuals listed below.



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