



Singapore updates

Global Anti Base Erosion rules

In the 2023 Budget presented in parliament on 14 February 2023, Deputy Prime Minister and Finance Minister Mr Lawrence Wong noted that Singapore plans to implement the Global Anti-Base Erosion (GloBE) rules as well as a domestic top-up tax for in-scope multinational enterprises (MNEs) from their financial year beginning on or after 1 January 2025. Given the complexities involved, these MNEs should start preparing for the new regime early notwithstanding the 2025 start date. The recently announced transitional safe harbour provisions may provide a brief reprieve for MNEs which qualify for them although the additional time should be utilised effectively to implement a robust system and process to fulfil the compliance requirements.

[Click here](#) for more details in our tax bulletin.

Total Asset Method for Interest Adjustment

The Inland Revenue Authority of Singapore (IRAS) has revised its circular entitled 'Income Tax Total Asset Method for Interest Adjustment (Second edition)' on 28 February 2023. The updates include, amongst other changes, clarifying the value of the cost of assets to be used in the Total Asset Method (TAM) and clarifying that interest expense includes foreign exchange differences on interest incurred.

[Click here](#) for details.

Tax Deductible Donations

The IRAS has published a circular entitled 'Guidance on Tax Deductible Donations' on 2 March 2023 to set out what contributions made to an Institution of a Public Character or a Grant-Making Philanthropic Organisation are considered donations and eligible for tax deduction under the Income Tax Act 1947 (ITA). The circular also clarifies the differences between donations and sponsorships.

[Click here](#) for details.

Financial Reporting Standard 116

The IRAS has revised its circular entitled 'Tax Treatment Arising from Adoption of Financial Reporting Standard 116 or Singapore Financial Reporting Standard (International) 16 - Leases (Third Edition)' on 14 March 2023. The updates include, amongst other changes, clarification of the tax treatment of foreign exchange differences and additional requirement for a lessee claiming tax deductions for

contractual lease payments to provide a reconciliation of the amount of contractual lease payment to the cash flow statement in its tax computation.

[Click here](#) for details.

Objection and Appeal Process

The [Income Tax \(Substituted Objection Period for Trusts\) Rules 2023](#) came into operation on 22 March 2023. It stipulates that from 22 March 2022, a trustee of a trust may, object to a notice of tax assessment within 2 months of the date of notice of assessment (instead of 30 days previously). This does not apply to the trustee of a testamentary trust or a trust that arises on the death of an intestate.

Following the above, the IRAS has also revised its circular entitled 'Corporate Income Tax – Objection and Appeal Process (Third Edition)' on 22 March 2023 to expand the definition of applicable taxpayers to include trustees of certain trusts with effect from 22 March 2023.

[Click here](#) for details.

General Anti-Avoidance Provision

The IRAS has revised its circular entitled 'Income Tax: The General Anti-Avoidance Provision and its Application (Second Edition)' on 31 March 2023 to include a section explaining the surcharge under section 33A that will be applicable with effect from Year of Assessment (YA) 2023 and additional examples of tax avoidance arrangements.

[Click here](#) for details.

International updates

OECD releases administrative guidance on the Pillar Two global minimum tax rules

On 2 February 2023, the Organisation for Economic Co-operation and Development (OECD) released the administrative guidance on the Pillar Two GloBE rules under Base Erosion and Profit Shifting (BEPS) 2.0.

[Click here](#) for details.

OECD presses on with the finalisation of Pillar One of BEPS 2.0

The OECD has achieved significant progress in developing the two-pillar solution under BEPS 2.0. For Pillar One, the OECD has conducted a series of public consultations in 2022. This News Flash provides an overview of the Pillar One public consultation documents released by the OECD since late May 2022.

[Click here](#) for details.

Overseas updates

Australia

On 16 March 2023, Treasury released for comment draft law and explanatory materials to implement the Government's proposed new interest limitation rules that will replace the existing thin capitalisation safe harbour, worldwide gearing and arm's

length debt tests. These new rules will apply for income years commencing on or after 1 July 2023.

[Click here](#) for details.

The Government has released draft legislation to implement a proposed new measure requiring public companies to publicly disclose information about their subsidiaries. If the draft legislation becomes law, Australian public companies (listed and unlisted) would be required to publish a 'consolidated entity statement' that contains additional information about their subsidiaries including tax residency, ownership breakdown and entity type. The new measures will apply to financial years commencing on or after 1 July 2023.

[Click here](#) for details.

India

Union Budget 2023–24, presented by Finance Minister Nirmala Sitharaman, builds on the vision set out in the previous budgets and provides a blueprint for steering the economy towards a sustained high-growth trajectory in the 25-year-long lead up to India @100.

[Click here](#) for details.

Hong Kong

The Hong Kong Tax Review 2022 summarises the significant tax updates in 2022 and previews the upcoming tax developments in 2023.

[Click here](#) for details.

On 14 February 2023, the Council of the EU released an updated EU list regarding international tax co-operation. In the light of the updated guidance on foreign-sourced income exemption (FSIE) regimes promulgated by the EU in December 2022, Hong Kong is required to fine-tune its tax legislation on the treatment of foreign-sourced capital gains by the end of 2023 for implementation with effect from 1 January 2024. Therefore, Hong Kong is kept on the EU watchlist despite the refinements made to its FSIE regime in 2022. The Hong Kong SAR government reassures that the retention of Hong Kong on the watchlist will not result in any adverse impact on Hong Kong enterprises and has announced that a consultation exercise will be conducted to seek stakeholders' comments on the proposed changes.

[Click here](#) for details.

Financial Secretary Paul Chan Mo-po presented the 2023/24 Budget on 22 February with the theme 'Leaping forward steadily, together we bolster prosperity under our new vision'. The Budget outlines the Government's latest tax and fiscal policy directions, support measures and resource allocation to pursue economic growth, move to high-quality development and relieve the community's burden.

[Click here](#) for details.

Indonesia

On 1 March 2023, the Minister of Finance issued Regulation No.PMK-151 regarding the Luxury Goods Sales Tax on goods (other than motor vehicles) as an update to PMK-962.

[Click here](#) for details.

On 6 March 2023, the Government issued Regulation No.GR-12 to provide facilities for projects in the National Capital to be named “Nusantara” (Ibu Kota Negara bernama Nusantara/ IKN). These facilities were introduced under the IKN Law and are dated and effective on 6 March 2023.

[Click here](#) for details.

Malaysia

The TaXavvy Budget 2023 (Retabled) Edition highlights the key tax proposals of Budget 2023 as announced by the Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim.

[Click here](#) for details.

The TaXavvy Budget 2023 Edition (Finance Bill 2023) highlights the key tax proposals based on the Finance Bill 2023 which were not covered in the Budget 2023 (Retabled) Edition.

[Click here](#) for details.

The February issue of TaXavvy covers the government's plans to introduce the global minimum tax, the new Malaysia-Poland Double Taxation Agreement entered into force on 12 January 2023 and the mandatory use of Form CKHT 502 via e-CKHT.

[Click here](#) for details.

The Royal Malaysian Customs Department (RMCD) issued the Tourism Tax Policy No. 1/2023 dated 16 February 2023 on the liability to charge, collect, account and remit tourism tax on a foreign tourist who makes an online booking of accommodation premises in Malaysia via a registered digital platform service provider.

[Click here](#) for details.

The following regulations / amendment regulations relating to tourism tax were issued on 1 March 2023 and are effective from 2 March 2023:

- Tourism Tax (Amendment) Regulations 2023
- Tourism Tax (Digital Platform Service Provider) (Amendment) Regulations 2023
- Tourism Tax (Compounding of Offences) Regulations 2023

[Click here](#) for details.

The RMCD released a notice on 10 March 2023 stating that imposition of sales tax on low value goods which was supposed to take effect on 1 April 2023, will be postponed to a date that is to be determined later.

[Click here](#) for details.

South Korea

The February issue of Samil Commentary includes the following:

- The Government plans to further increase tax incentives for investment in semiconductors
- The Government plans to implement measures for the recently codified global minimum tax rules in line with the internationally agreed time frame
- National Tax Administration policy plan for 2023

- National Tax Service’s guidance on application for the Research & Development tax credit pre-screening program rulings update

[Click here](#) for details.

The March issue of Samil Commentary includes the following:

- The Government announces the amended presidential decrees of tax laws and a bill to amend the relevant enforcement rules
- The Ministry of Trade, Industry and Energy announces the Government’s core mineral resources strategy

[Click here](#) for details.

Taiwan

The Ministry of Finance (MOF) released sample format of Controlled Foreign Company (CFC) income disclosure forms to be incorporated in corporate income tax return.

[Click here](#) for details.

The MOF supplemented Q&A on the CFC regime by addressing whether CFC set up to obtain transportation operating license and which holds vessels qualify as having “substantive operation”.

[Click here](#) for details.

Thailand

On 24 January 2023, the Cabinet approved a draft ministerial regulation to extend the withholding tax reductions on certain types of income paid through the e-withholding tax system. The reduction will be effective from 1 January 2023 to 31 December 2025.

[Click here](#) for details.

On 7 March 2023, the Cabinet approved measures to introduce the global minimum tax rules ('Pillar Two') in Thailand and announced the actions that will be taken by the relevant government agencies.

[Click here](#) for details.

International tax news

Analysis of tax developments worldwide

Topics featured in the January 2023 edition include:

- Colombia passes major tax reform
- Italy approves 2023 Budget Law
- Spain approves tax reform
- Tanzania enacts digital services tax
- Netherlands enacts 2023 Tax Plan
- United Arab Emirates publishes its new corporate tax law

[Click here](#) for details.

Topics featured in the February 2023 edition include:

- Italy introduces permanent establishment investment management exemption
- Liechtenstein to introduce global minimum tax
- Spain transposes the European Directive requiring publication of Country-by-Country information
- Spain's updated tax haven list aligns with the EU and OECD

[Click here](#) for details.

Topics featured in the March 2023 edition include:

- Germany publishes Pillar Two discussion draft
- South Africa Budget announcement provides more details on Pillar Two implementation
- Spain moves forward on transposing the EU Pillar Two Directive
- Preferential tax regimes in the Guangdong-Hong Kong-Macao Greater Bay Area in China

[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.

Asia Pacific Tax Insights application

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.

[Click here](#) for details.

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.

[Click here](#) for details.



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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