



## Singapore updates

### Payments for share sale or services rendered?

In *GFG and another v Comptroller of Income Tax* [2023] SGITBR 1, the Income Tax Board of Review (the Board) considered the taxability of certain payments received by the sellers as part of a share sale.

See our [Tax Bulletin](#) for details.

### Tax exemption under section 13(4) of the Income Tax Act 1947

As there is a Gazette Notification issued for each section 13(4) exemption, any change(s) to the relevant loan or swap agreement or contract from the earlier application due to the interest rate benchmark reform would require the Ministry of Finance's re-affirmation of the tax exemption award.

[Click here](#) for details.

### Goods and Services Tax

To prepare GST-registered businesses for the second GST rate increase from 8% to 9% with effect from 1 January 2024, the Inland Revenue Authority of Singapore (IRAS) has published a circular entitled '2024 GST Rate Change: A Guide for GST-registered Businesses (First Edition)' on 19 May 2023 to explain the general transitional rules applicable to transactions spanning the second rate change. It covers the time of supply rules, the GST rates chargeable and provides information on the issuing of invoices, credit notes and other requirements.

[Click here](#) for details.

## International updates

### European finance ministers adopt new reporting and exchange of information rules centred around crypto-assets

European finance ministers met on 16 May 2023 as part of the monthly European Council ECOFIN meetings and agreed to the proposed changes to the Directive on Administrative Cooperation in the area of taxation. The changes to the Directive (DAC8) shall, in principle and with minor exceptions, be implemented in European Union Member States' legislation by 31 December 2025 and apply from 1 January 2026. While a reporting regime for crypto assets is a core component, the Directive also includes measures strengthening and broadening DACs 1-7, although

proposals to provide for minimum penalties have not been agreed. Once the European Parliament presents its opinion on the proposal following final legal checks, the Directive can be formally adopted.

[Click here](#) for details.

## Overseas updates

### Australia

The Australian Taxation Office (ATO) has released a draft Practical Compliance Guideline, PCG 2023/D2 (the draft PCG), on intangibles arrangements involving international related parties. This draft PCG replaces PCG 2021/D4 which was released in May 2021.

The draft PCG sets out the ATO's compliance approach to cross border intangibles arrangements with related parties. More specifically, it addresses the key risks considered for arrangements that involve:

- the 'migration' of intangible assets; and/ or
- the development, enhancement, maintenance, protection and exploitation of intangible assets.

[Click here](#) for details.

### Hong Kong

The Insurance (Amendment) Bill 2023 was gazetted on 6 April 2023. The bill seeks to amend the Insurance Ordinance (Cap. 41) (IO) to provide a legal framework for the implementation of a Risk-based Capital (RBC) regime for the Hong Kong SAR insurance industry. It is envisaged that as adopting the RBC regime may potentially create a one-off taxable transitional adjustment to insurers, the bill seeks to amend the relevant sections of the Inland Revenue Ordinance to provide a legal basis for the one-off transitional adjustment to be assessed over a period of five years. It also proposes amendments which could change the taxation basis of certain insurance business.

[Click here](#) for details.

On 10 May 2023, the Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Bill 2022 together with the proposed Committee Stage Amendments were passed by the Legislative Council. It is expected that the bill will be gazetted as the amendment ordinance on 19 May 2023. The tax concession will apply retrospectively to any year of assessment commencing on or after 1 April 2022.

As a recap, under the tax concession, a 0% concessionary profits tax rate is provided on assessable profits earned from qualifying transactions and incidental transactions (the latter being subject to a 5% threshold) for an eligible family-owned investment holding vehicle managed by an eligible single family office in Hong Kong.

[Click here](#) for details.

### India

In a recent ruling, the Special bench, Mumbai of the Income-tax Appellate Tribunal (Tribunal), held that dividend distribution tax under section 115-O of the Income-tax Act, 1961 is an additional tax levied on the company and not on the shareholder. Accordingly, benefit of the lower tax rate as per the relevant Double Taxation Avoidance Agreements (DTAA) for taxation of dividend will not be available in case of non-resident shareholders. However, the Tribunal observed that lower tax rate

benefits can be extended to non-resident shareholders of those countries where such DTAA protection has been specifically agreed upon.

[Click here](#) for details.

### **Malaysia**

The May issue of TaXavvy covers the guideline on tax deduction for contributions for Smart AI-driven reverse vending machines and extension of stamp duty exemption for restructuring or rescheduling of certain loan or financing agreements.

[Click here](#) for details.

The Sales Tax (Exemption from Registration) Order 2023 was issued on 2 May 2023 and is effective from 3 May 2023.

The above order exempts any person who carries on the activity of manufacturing finished goods of the Royal Pahang Weave from sales tax registration for two years irrespective of the total sale value of the taxable goods.

[Click here](#) for details.

### **New Zealand**

The May issue of Tax Tips outlines the Government's key tax announcements on Budget Day such as the increase in trustee tax rate to 39%, introduction of Pillar Two measures in New Zealand, introduction of Taxation Principles Reporting Bill and various other tax insights from the Budget.

[Click here](#) for details.

### **South Korea**

The May issue of Samil Commentary includes the following:

- Government considers tax incentives to stimulate corporate investment in private venture capital funds.
- Tax tribunal announces measures to strengthen taxpayer rights protection.
- National Tax Service (NTS) seeks public comments on a draft amendment to the Administrative Rules on Taxpayer Rights Protection.
- NTS seeks public comments on a draft amendment to the audit manual.

[Click here](#) for details.

### **Taiwan**

The April issue of Taiwan Tax Update includes the following:

- Ministry of Economic Affairs updated Frequently Asked Questions on "Application Portal of Investment Tax Credit (ITC) for Smart Machinery, 5G Network, and Cyber Security Products or Services" by incorporating guidance on applicability of cyber security ITCs.
- Ministry of Finance announced bulk assessment of Financial Year (FY) 2021 corporate income tax returns and FY 2020 undistributed earnings returns which have not been selected for tax audit and which have been assessed as filed.

[Click here](#) for details.

# International tax news

## Analysis of tax developments worldwide

Topics featured in the April 2023 edition include:

- Canadian Government releases 2023 Federal Budget
- Denmark's draft bill proposes to update the list of non-cooperative countries subject to defensive measures
- United Kingdom released draft Pillar Two legislation
- Lithuania updates on Pillar Two status and other developments
- Irish Department of Finance releases Pillar Two feedback statement with draft legislation

[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.

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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.

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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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