



Singapore updates

Transfer Pricing Guidelines

The Inland Revenue of Authority of Singapore (IRAS) issued revised 'Transfer Pricing (TP) Guidelines (Seventh Edition)' (7th Edition) on 14 June 2024. Notable changes in the 7th Edition include a step up in TP audit, along with stricter conditions for surcharge remission. There is also added emphasis on the evidence to support the commercial rationale and substance of related party (RP) transactions and their documentation, as well as the adequacy of TP documentation and contemporaneous supplementary analyses in a TP audit.

The Mutual Agreement Procedure (MAP) process has been tightened to include a detailed evaluation step before IRAS will accept a MAP application. In addition, the IRAS has incorporated various clarifications around treatment of government assistance, capital transactions, application of working capital adjustments, the use of base reference rates arising from the global interbank offered rate reform for RP loans and dating requirement for simplified TP documentation.

In a move which could impact many taxpayers, the IRAS has discontinued its practice of using interest restriction as a proxy to achieve the arm's length outcome for domestic loans entered into on or after 1 January 2025. Loans between domestic related parties, where either party is in the business of borrowing or lending, must now be determined based on arm's length principle or apply the IRAS safe harbour interest rate if the loan does not exceed S\$15 million.

In this 7th Edition, the IRAS has also increased the TP documentation exemption threshold for certain transactions, and provided pragmatic guidance around strict pass-through costs, which should help to reduce compliance burden for taxpayers.

[Click here](#) for the e-Tax Guide and [here](#) for PwC's Tax Bulletin.

Filing of Income Tax Computations in Functional Currencies other than Singapore Dollars

On 12 August 2024, the IRAS issued a revised e-Tax Guide 'Filing of Income Tax Computations in Functional Currencies other than Singapore Dollars (Second Edition)' which included amendments to clarify the following:

- That section 62B of Income Tax Act 1947 will not apply to a company licensed under the Insurance Act 1966 to carry on insurance business in Singapore in respect of accounting periods beginning on or after 1 January 2023.
- Treatment of an election of section 25 for transfer of property.

- Treatment of Singapore interest / distributions from a real estate investment trust.

[Click here](#) for IRAS e-Tax Guide.

Tax Deduction for Expenses Incurred on Renovation or Refurbishment Works Done to Business Premises

The IRAS issued a revised e-Tax Guide 'Income Tax: Tax Deduction for Expenses Incurred on Renovation or Refurbishment Works Done to Business Premises (Seventh edition)' on 8 August 2024 which included the following updates:

- Providing the option to claim qualifying renovation and refurbishment (R&R) expenditure in one year instead of over three years from Year of Assessment (YA) YA 2024.
- Expanding the scope of qualifying R&R expenditure to include designer fees or professional fees that do not affect the structure of the business premises from YA 2025.
- Fixing the relevant three-year period for claiming R&R expenditure for all taxpayers, with the first fixed three-year period being YA 2025 to 2027, and detailing the associated transitional rules for taxpayers in different situations.

[Click here](#) for IRAS e-Tax Guide.

Tax Exemption under Section 13(12) for Specified Scenarios, Real Estate Investment Trusts and Qualifying Offshore Infrastructure Project/Asset

The IRAS issued a revised e-Tax Guide 'Income Tax: Tax Exemption under Section 13(12) for Specified Scenarios, Real Estate Investment Trusts and Qualifying Offshore Infrastructure Project/Asset (Tenth Edition)' on 10 June 2024, which includes the following changes:

- Clarifying that the remitted income (net of qualifying expenses) must be passed through to the Singapore real estate investment trust in the form of dividends or trust distributions for the tax exemption to apply.
- Updating the declaration and mode of submission of the Declaration Form.

[Click here](#) for IRAS e-Tax Guide.

Country-by-Country Reporting (CbCR)

On 19 August 2024, the IRAS updated its webpage to add Ukraine to the list of jurisdictions that have exchange relationships with Singapore.

[Click here](#) for details.

Frequently asked questions (FAQs) on the Common Reporting Standard

The IRAS updated FAQ F.9 on 25 July 2024 to provide clarity on the reporting of the account balance or value of account holders of a trust that is an Investment Entity.

[Click here](#) for details.

Tax Deductibility of General Insurers' Reserves Against Incurred But Not Reported Claims (IBNR Claims)

The IRAS issued a revised e-Tax Guide 'Tax Deductibility of General Insurers' Reserves Against Incurred But Not Reported Claims (IBNR Claims) (Fourth Edition)' on 8 July 2024 to include the following updates:

- Clarifying the said e-Tax Guide applies to insurers carrying on a general insurance business where their policy liabilities are not required to be certified

by an actuary under section 35(1) of the Insurance Act 1966 and prior to their implementation of Financial Reporting Standard 117.

- Replacing the term 'loss reserves' with 'claim liabilities' and updating legislative references.

[Click here](#) for IRAS e-Tax Guide.

FAQs on the Foreign Account Tax Compliance Act (FATCA)

The IRAS updated its response to question B.8 on 21 June 2024 to remind Reporting Singapore-based financial institutions to follow the procedures specified in sections 3.02, 3.03 and 3.04 of the U.S. IRS' Notice 2023-11, which was released in January 2023, so as not to be treated as in significant non-compliance with its FATCA obligations by the U.S. Competent Authority.

[Click here](#) for details.

Case escalation

The IRAS has updated its website to include guidance on specific situations where the channel for escalation may be used. The updates and links to the FormSG can be found in the 'Case Escalation' sections below.

[Click here](#) for corporate income tax cases.

[Click here](#) for individual, self-employed and partnership cases.

Public consultation on draft amendment bills

On 10 June 2024, the Ministry of Finance (MOF) published the draft Income Tax (Amendment) Bill 2024 (the "draft IT Bill") and the draft Multinational Enterprise (Minimum Tax) Bill 2024 (the "draft MMT Bill") and subsidiary legislation for a public consultation exercise which ended on 5 July 2024.

The draft IT Bill proposes changes to legislate measures announced in the 2024 Budget Statement and other amendments arising from the MOF's periodic review of the income tax regime.

The draft MMT Bill proposes to implement the Global Anti-Base Erosion Model Rules (Pillar Two) (GloBE model rules) of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (IF) relating to the Income Inclusion Rule (IIR), and the Domestic Top-Up Tax (DTT). It also proposes consequential amendments to the Income Tax Act 1947.

On 31 August 2024, the MOF published a summary of the feedback received and its responses thereto.

Although the draft Bills have not been legislated and do not yet have the force of law, businesses that may be affected should consider their implications and especially prepare to meet the extensive compliance obligations under the impending MMT regime.

Click [here](#) and [here](#) for details of the public consultation and [here](#) for the MOF's responses.

Goods and Services Tax (GST)

- On 15 April 2024, the IRAS announced requirements for businesses which will be applying for voluntary GST registration to transmit invoice data to IRAS using e-invoicing solutions via the Peppol network (GST InvoiceNow Requirement).

Since then, there has been much interest as to when this new requirement will also be made mandatory for the rest of the GST-registered businesses.

On 12 June 2024, the IRAS published a draft e-tax guide regarding the GST InvoiceNow Requirement to provide more clarity for businesses adopting e-invoicing using InvoiceNow. It also sought feedback by 25 July 2024.

[Click here](#) for the draft e-Tax Guide and [here](#) for PwC's Tax Bulletin.

- The IRAS revised its e-Tax Guide 'GST: Construction Industry (3rd Edition)' on 22 July 2024 to state its view on the GST treatment of the provision of workers' dormitories.

[Click here](#) for IRAS e-Tax Guide.

- The IRAS issued amended e-Tax Guide 'GST: Assisted Self-Help Kit (ASK) Annual Review Guide (Fifteenth edition)' on 1 July 2024 to revise the conditions to correct errors in the next GST F5 return.

[Click here](#) for IRAS e-Tax Guide.

- The IRAS issued an updated e-Tax Guide 'GST: GST Guide on Exports (Eleventh Edition)' on 8 July 2024 to revise the documentation requirements in scenario 6.1B where a local supplier exports the goods via a Singapore-based postal/courier company to, and invoices, an overseas customer.

[Click here](#) for IRAS e-Tax Guide.

- The IRAS issued a revised e-Tax Guide 'GST Advance Ruling System (Tenth edition)' on 15 July 2024 to insert an example in paragraph 3.2.2 to clarify when the Comptroller of GST cannot make an advance ruling.

[Click here](#) for IRAS e-Tax Guide.

- On 27 August 2024, the IRAS issued a revised e-Tax Guide 'GST: Guide for the Insurance Industry (Ninth Edition)' to insert paragraph 3.6.3 on the GST treatment for input tax claims on commission paid to GST-registered agents and intermediaries.

[Click here](#) for IRAS e-Tax Guide.

International tax news

Hong Kong: Court of Appeal overturns ruling that UK LLP has issued share capital for stamp duty relief purposes

On 5 July 2024, the Court of Appeal (CoA) handed down its judgement in *John Wiley & Sons UK2 LLP and another v. The Collector of Stamp Revenue*, overturning the District Court's decision.

[Click here](#) for details.

Hong Kong: Inland Revenue Department (IRD) provides further guidance on the foreign-sourced income exemption (FSIE) regime

On 5 July 2024, the IRD released further guidance on the FSIE regime by expanding the list of related FAQs and illustrative examples on its website. The IRD also uploaded an FAQ to clarify the tax treatment of interest income derived by a fund, a family-owned investment holding vehicle (FIHV) or its special purpose entity (SPE) from foreign debt instruments, including the relevant tax implications under the FSIE regime.

[Click here](#) for details.

Hong Kong: Financial Services and the Treasury Bureau (FSTB) releases consultation conclusion and latest legislative proposals on company re-domiciliation regime

On 3 July 2024, the FSTB released the consultation conclusion regarding its proposals to introduce a company re-domiciliation regime. These were published pursuant to feedback regarding the FSTB's consultation paper on the design of the proposed regime and related amendments to the Companies Ordinance and Inland Revenue Ordinance issued in March 2023.

[Click here](#) for details.

India: Budget 2024: Impact on foreign investors and multinationals

The Indian Finance Minister presented the maiden Union Budget for 2024–25 (Budget 2024) on 23 July after the re-elected Modi Government came into power to serve its third term. With a growth forecast estimated at 6.5% to 7%, Budget 2024 seeks to present a detailed roadmap for India's pursuit to become a developed nation — Viksit Bharat by 2047. The budget proposals focus on infrastructure, skill development, manufacturing energy security, urban development, innovation and R&D, and next-generation reforms around labour, land, and foreign direct investments, among others. On the tax front, the theme of the changes continues to be stability and certainty with no surprises.

[Click here](#) for details.

Korea: MOEF Announces Korea's tax reform proposals for 2024

The Ministry of Economy and Finance (MOEF) published Korea's tax reform proposals for 2024 on 25 July 2024. The reform proposals aim to facilitate corporate investments, employment, and regional development, as well as to enhance corporate competitiveness and transparency of revenue sources. Some of the key features of the proposals include extending and adjusting R&D and investment tax credits, streamlining employment-related tax credit schemes, introducing new tax incentives aimed at enhancing shareholder returns, modifying the residency test for tax purposes, and preparing a basis for implementing crypto asset reporting. Additionally, the proposals suggest withdrawing the planned financial investment income taxation regime and postponing the taxation of virtual assets by two more years. The finalisation of the proposed changes will be subject to further deliberation and approval by the National Assembly. If approved by the National Assembly, most of the proposed changes will be implemented in January 2025 unless otherwise specified.

[Click here](#) for details.

Malaysia: Updated Foreign-Sourced Income Guideline

Following the gazette of the Income Tax (Exemption) (No. 6) Order 2022 (Amendment) Order 2024, the Inland Revenue Board has issued the Updated Guidelines on Tax Treatment in relation to Income Received from Abroad on 20 June 2024.

[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.

Among the topics featured in the July 2024 edition are:

- Luxembourg releases draft law to amend the Pillar Two law
- Vietnam adopts Pillar Two
- Turkey publishes draft legislation implementing Pillar Two rules effective in 2024
- Canada's Digital Services Tax Act enters into force

[Click here](#) for details.

Among the topics featured in the June 2024 edition are:

- Barbados enacts corporate tax reforms in response to Pillar Two
- OECD releases guidance related to Pillar Two GloBE and Pillar One Amount B
- Austrian Ministry of Finance publishes draft on the Austrian Tax Amendment Act of 2024
- Canada enacts Pillar Two and releases Explanatory Notes for the Global Minimum Tax Act

[Click here](#) for details.

Transfer Pricing Q2 Briefing

PwC's quarterly transfer pricing briefing helps multinational organisations keep up with the continuous flow of relevant tax and transfer pricing developments. Below is a summary of Tax Insights and News Alerts published by individual members of the PwC network covering 1 April through 30 June 2024.

The featured topics in this quarter's edition include:

- US Supreme Court overrules the Chevron doctrine
- US APA report for 2023
- Malaysia's revised Advance Pricing Arrangement Guidelines 2024
- Sweden's upcoming increased transparency with CbCR and GRI 207
- OECD releases guidance relating to Pillar Two GloBE and Pillar One Amount B
- OECD releases Pillar Two GloBE Consolidated Commentary and Examples
- The impact of IFRS 17 on transfer pricing
- EU Finance Ministers agree on FASTER Directive

[Click here](#) for details.

Trade Intelligence Asia Pacific

The May / June 2024 issue of Trade Intelligence includes the following highlights:

- Featured Article: Oh no! What do I do? - Is the concept of Informed Compliance finally taking off in ASEAN?
- Amendments to Australia's export control regulations
- Increased facilitation measures for AEO enterprises in China
- Update on import restrictions in Indonesia
- New requirements for e-commerce imports in Japan
- Launch of centralised customs voluntary disclosure mechanism in Malaysia
- Updates to duty rates in the Philippines Tariff Schedule
- Implementation of the revised FTZ regime in Singapore
- Implementation of licensing controls for controlled exports in Thailand
- Thailand removes VAT and excise tax de minimis concession for imports of low value goods
- Extension of the temporary 8% VAT in Vietnam

[Click here](#) for details.

Other international tax updates



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.

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.

Understanding Base Erosion and Profit Shifting – a two pillar solution

Understanding Base Erosion and Profit Shifting – a two pillar solution reveals the latest tax developments evolving around a two-pillar solution and the key building blocks that are foundational to building up your readiness.

[Click here](#) for details.

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