Singapore updates

- **Singapore: Sovereignty, Society, Substance, Success**
  - PwC launched a paper on 19 November 2015 that makes recommendations to reform Singapore’s tax system.
  
  Details are available at: http://www.pwc.com/sg/en/publications/tax-policy-white-paper.html

- **Draft Income Tax Amendment bill**
  - The Ministry of Finance (MOF) has accepted 31 of 70 consultation suggestions on the draft Income Tax (Amendment) Bill 2016. Some of the feedback received include comments on the Mergers & Acquisitions scheme, the Double Tax Deduction for Internationalisation Scheme, the International Growth scheme, and the Maritime Sector Incentive.
  
  As part of its response to the feedback, MOF also indicated that it will include a statutory prohibition on disclosing legally privileged information under the US Foreign Account Tax Compliance Act (FATCA).


- **Temporary Employment Credit**
  - The Inland Revenue Authority of Singapore (IRAS) updated its website content to clarify that the Temporary Employment Credit is taxable as the payout is revenue in nature.

  Details are available at: https://www.iras.gov.sg/irashome/Businesses/Companies/Working-out-Corporate-Income-Taxes/Taxable-and-Non-Taxable-Income/Tax-Treatment-of-Grants/-Payouts-Commonly-Received-by-Companies/
• **Productivity and Innovation Credit (PIC) Cash Payout**
  - The IRAS updated its website content to clarify the tax treatment of PIC cash payout on expenditure incurred on PIC IT and automation equipment constructed over two or more years of assessment (YAs) and intellectual property registered over two or more YAs.

  Details are available at: https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/Businesses/Tax%20Treatment%20for%20Straddled%20Items.pdf

• **Real Estate Investment Trusts (REITs)**
  - The IRAS issued a revised circular on the income tax treatment of REITs on 3 November 2015. The revisions include:
    - removal of the condition for not allowing the trustee to distribute any gain from disposal of immovable properties or shares until the Comptroller of Income Tax agrees on the nature and taxability of the gain
    - removal of the condition requiring the manager and trustee to jointly undertake not to distribute any gain arising from the disposal of any immovable properties or shares until the Comptroller of Income Tax agrees on the nature of the gain.

  Details are available at: https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/etaxguide_CIT_REITs.pdf

• **Goods and Services Tax (GST)**


  - The IRAS issued a revised circular on “GST Guide on Attribution of Input Tax (Third Edition) which explains how a partially exempt business should attribute its input tax and also clarifies when input tax may be considered to be “directly attributable” to a supply.

Overseas updates

- **Singapore – Russia Avoidance of Double Taxation Agreement (DTA)**
  - Singapore and Russia signed a Protocol on 17 November 2015 to amend the existing Singapore-Russia DTA. Amongst other changes, the protocol lengthens the threshold period for determining the presence of a permanent establishment and lowers the withholding tax rates for dividends, interest and royalties. These changes are expected to enhance trade and investment flows between the two countries. The Protocol has not been ratified and is not yet in force.


- **Australia**
  - The Australian Parliament approved the Tax Laws Amendment (Combating Multinational Tax Avoidance) Bill 2015 on 3 December 2015, which aims to clamp down on certain multinational companies from entering into arrangements to avoid paying Australian tax.


- **Taiwan**
  - Taiwan’s Legislative Yuan on 17 November 2015 repealed a controversial capital gains tax on share trades by active investors before the tax ever entered into force. With the repeal of the CGT, the existing 0.3% securities transaction tax (STT) will remain the primary tax imposed on stock market investors.

International Tax News

Among the key topics featured in November are:

- Brazil’s changes to the calculation basis and withholding tax rates applicable to interest in net equity payments
- The localisation of BEPS Actions in China
- A practical and business friendly implementation of the updated EU Parent-Subsidiary Directive in Dutch law
- New EU Case Law regarding dividend payments in France.

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