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APAC News

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2020 IAB World Survey

The International Accounting Bulletin conducts annual World Survey on data relating to fees, headcounts and growth rates on all international accounting groups. We are pleased to note that Russell Bedford International has continued to perform well and made excellent achievements in 2020, including:

- Maintains our position as a Top 20 International Network;
- Grew by 13%, experienced the 3rd highest growth of all networks in the Top 20;
- Achieved a growth rate more than 4 times the average growth of 3% experienced by all networks in the league table;
- Achieved a network growth of 49% in Asia Pacific.

In response to the survey results, Stephen Hamlet, our CEO, said, "*It is encouraging to see such positive results in this year's IAB survey, particularly in a year that presented considerable challenges. We have much to be proud of and much to develop upon. As always, I constantly have my eye on where we can focus our attention for supporting increased network growth, while considering new opportunities that may be explored. However, taking a moment to reflect on the efforts of many over the past year, that have led to such great achievements, is something from which myself, my team and our members take great satisfaction as we look towards the future of the network.*"

News in Asia Pacific

We continue our effort to update clients and contacts with development in the Region on tax and technical matters, and include, in this Newsletter, articles on GDP target & tax cut for SME (China), Covid-19 tax impact (Hong Kong), tax on digital economy (Japan), TP development (Malaysia), corporate recovery & tax incentives (Philippines) and national budget 2021 (Singapore).

Inside this issue:

China	2
Hong Kong	3
Japan	5
Malaysia	7
Philippines	8
Singapore	10

CHINA

CHINA GDP GROWTH TARGET FOR 2021 & TAX CUT FOR SME

"More tax cuts will be launched for small and micro enterprises..."

China's National People's Congress (NPC) held its annual session from 5 to 11 March 2021 as usual (in 2020, the conference was postponed to late May). Premier Li Keqiang delivered a government work report on behalf of the State Council to the legislature for deliberation. According to his report, China aims to expand its economy by over 6 percent in 2021, same as 2019, building on strong tailwind from success in containing COVID-19. "In setting this target, we have taken into account the recovery of economic activity," Li said. "A target of over 6 percent will enable all of us to devote full energy to promoting reform, innovation, and high-quality development."

China set no specific GDP target for 2020 due to huge uncertainties caused by COVID-19. Effective virus control helped China emerge from the epidemic-induced slump with a 2.3-percent GDP growth in 2020, making it the world's only major economy to attain positive growth.

As a part of the 14th Five-Year Plan (2021-2025) for national economic and social development and the long-range objectives through the year 2035, China will intensify efforts to attract and utilise foreign investment over the next five years. China will promote the opening up of sectors including telecommunications, the internet, education, culture and medical care to foreign investors in an orderly manner by further shortening the negative lists for foreign investment access. Since China's foreign-investment law came into effect on 1 Jan. 2020, foreign investment to China has risen 4.5 percent year on year in U.S. dollar terms, hitting a record high. The country has become the largest foreign-capital recipient in the world, according to latest data released by the Ministry of Commerce.

As China and its partners signed the Regional Comprehensive Economic Partnership agreement and the country completed the Comprehensive Agreement on Investment with the European Union in principle in late 2020, and China plans to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, these free trade deals will attract more foreign capital to China in the long run.

As an important measure to help enterprises hedge the COVID-19 risk last year, the tax and fee reduction policy reduced the operating costs of enterprises and enhanced their survival capacity. China cut taxes and fees by more than 2.6 trillion RMB yuan last year (including 1.7 trillion yuan of social security fee), exceeding the previous target of 2.5 trillion yuan, according to the finance minister. In Li's government work report, optimising and implementing the tax reduction policy will be a key work for 2021. More tax cuts will be launched for small and micro enterprises, as well as for private businesses, including:

VAT

- To extend the implementation period of some periodic policies such as value-added tax preference for small-scale taxpayers;
- To increase the threshold of VAT for small-scale taxpayers from 100,000 yuan to 150,000 yuan;
- To refund in full on a monthly basis the incremental tax allowance to advanced manufacturing enterprises;

Corporate income tax

- For small and micro enterprises and individual businesses whose annual taxable

CHINA

(Continued)

income is less than 1 million yuan, the income tax will be reduced by half on the basis of the current preferential policies;

- To continue to implement the policy of 75% deduction for R & D expenses of enterprises, and increase the proportion of deduction for manufacturing enterprises to 100%;

Social security fee

- To continue to reduce the rates of unemployment and work-related injury insurance, and expand the scope of periodic policies to stabilize jobs, such as refund of unemployment insurance.

HONG KONG

COVID-19 - IMPACT ON TAX RESIDENCE STATUS

In the 2020 annual meeting between the Hong Kong Inland Revenue Department (IRD) and the Hong Kong institute of Certified Public Accountants, the IRD indicated that COVID-19 would unlikely create any changes to an entity's residence status under a tax treaty. The IRD will, as always, examine all relevant facts and circumstances to determine the entity's usual and ordinary place of effective management, and not only those that pertain to an exceptional and temporary period.

OECD Guidance

In January 2021, on the matter of tax residency, the OECD issued the "Updated guidance on tax treaties and the impact of the COVID-19 pandemic" (the Guidance). As a subscriber to the OECD principles, we expect that the IRD will adopt the Guidance in situations where treaties apply.

The Guidance addresses the following three areas:

(1) Concerns related to creation of permanent establishment (PE)

The OECD is of the view that individuals working from home office due to lockdown imposed by the government in a jurisdiction would not create a fixed place of PE for the business or the employer. If the individual continues to work from home after the lockdown, it may create certain degree of permanence but consideration will be given as to whether the home office is at the disposal of the employer. In this connection, whether the individual is or is not required by the employer to work from home is an important factor to consider.

According to the Guidance, an agent's activity in a jurisdiction should not be regarded as "habitual" if he / she exceptionally begun work at home due to COVID-19 public health measures, provided that the activities discontinue after the public health measures cease to apply.

In general, a construction site will constitute a PE if it lasts more than 12 months under the OECD Model of tax treaties or more than 6 months under the UN Model. In

"...COVID-19 would unlikely create any changes to an entity's residence status under a tax treaty. "

"In non-treaty situation, the Guidance may have no impact as the local authorities would administrate tax assessments based on domestic tax laws. "

the official commentary previously (prior to COVID-19) issued by the OECD, "temporary interruption" is not excluded in counting the duration of a site. Examples of such "temporary interruption" includes interruptions caused by bad weather, a shortage of material or labour difficulties. In other words, such interruptions are counted towards the life of the site to determine whether a PE exists.

The current view as stated in the Guidance is that *"…. jurisdictions my consider, in light of the extraordinary circumstances of the COVID-19 pandemic and based on the facts and circumstances, that certain periods where operations are prevented as a public health measure imposed or recommended by the government…. constitute a type of interruption that should be excluded from the calculation of the time thresholds for construction site PEs."* Accordingly, construction sites may explore with the relevant tax authorities whether COVID-19 interruptions under their specific circumstances would support exclusion from the calculation of the PE time threshold.

(2) Concerns related to change of residence

OECD considers that under the tie-breaker provision in a tax treaty, the place of residence of an entity is unlikely to be impacted by travel restriction on the individuals participating in the management and decision-making of an entity.

For an individual, a temporary presence in a jurisdiction due to COVID-19 will unlikely change his / her residence status under the treaty's tie-breaker rule for dual residency situation. The determination should be based on situation in a normal (i.e., outside COVID-19) period.

(3) Concerns related to employment income

If an employee exercises an employment in another jurisdiction and receives COVID-19 related government subsidy from the work jurisdiction, the income should be attributed to the work jurisdiction.

If an employee is stranded in another jurisdiction due to COVID-19, it would be reasonable for that jurisdiction to disregard the additional days spent in that jurisdiction for the purposes of the 183-day test in the tax treaty.

General application and non-treaty situations

It should be noted that the Guidance is intended to avoid double taxation, and should not be relied upon to create double non-taxation.

Also, the Guidance represents the view of OECD and is not binding on tax authorities. In non-treaty situation, the Guidance may have no impact as the local authorities would administrate tax assessments based on domestic tax laws.

Insofar as Hong Kong tax law is concerned, in the non-treaty context, salaries tax exemption is available to a visitor under the "60-day rule" for an assessment year. The IRD has not yet indicated whether additional days spent by individual due to COVID-19 travel restriction may be disregarded in counting towards the 60 days. In practice, it may be difficult for the IRD to identify and prove a stranded traveler has received employment income in exercising an employment in Hong Kong, unless the traveler's payroll is paid from or borne by a PE in Hong Kong.

STUDY GROUP ON INTERNATIONAL TAXATION IN THE DIGITAL ECONOMY

JAPAN

信成国際税理士法人
SHINSEI INTERNATIONAL TAX CO.

1 Outline

On 1 March 2021, The Ministry of Economy, Trade and Industry (METI) informed below;

"METI inaugurates a "Study Group on International Taxation in the Digital Economy" (Study Group) to hold discussions on ideal approaches to fair international taxation that contributes to enhancement of Japanese companies' competitiveness and vitalization of the Japanese economy amid the acceleration of economic digitalization.

The group held its first meeting on 1 March, 2021."

Website

https://www.meti.go.jp/english/press/2021/0301_001.html

2 Detail Information

In January 2019, the Organization for Economic Co-operation and Development (OECD) issued a " Policy Note" concerning the Tax Challenges of the Digitalization of the Economy. In the Policy Note, the Pillar One and the Pillar Two were also shown.

The Pillar ONE is a discussion that addresses the broader challenges of the digitized economy and focuses on allocating tax rights. The tax challenges of the digitalization of the economy were identified as one of the main areas of focus of the Base Erosion and Profit Shifting (BEPS) Action Plan, leading to the 2015 BEPS Action 1 Report. However, it did not reach the conclusion on allocating the profit from transactions among countries by using platforms.

According to the Policy Note, it said that "*Under the second pillar (Pillar Two), the Inclusive Framework agreed to explore on a "without prejudice" basis taxing rights that would strengthen the ability of jurisdictions to tax profits where the other jurisdiction with taxing rights applied low effective rate of tax to those profits. These proposals recognized that, in part, the tax challenges of the digitalization of the economy form part of the larger landscape relating to remaining BEPS challenges and further reflect more recent developments such as US tax reform.*

The proposal under this pillar would be designed to address the continued risk of profit shifting to entities subject to no or very low taxation through the development of two inter-related rules, i.e., an income inclusion rule and a tax on base eroding payments. The proposal under this pillar does not change the fact that countries or jurisdictions remain free to set their own tax rates or not to have a corporate income tax system at all".

The OECD previously aimed for an agreement by the end of 2020 on the discussion of taxation on digital platforms, which include companies such as GAFA (Google, Amazon, Facebook and Apple), so-called digital taxation. However, due to COVID-19 and new proposals from the United States, the agreement and goals have changed to mid-2021.

"The tax challenges of the digitalization of the economy were identified as one of the main areas of focus of BEPS..."

3 METI's Purpose to launch the Study Group

The Study Group established this time is to discuss both the Pillar One and the Pillar Two, so it covers a wide range.

JAPAN

(Continued)

OECD has been discussed in the matters of international taxation. In Japan, the Counselor's Office of the Tax Bureau of the Ministry of Finance (MOF) has participated in OECD meetings, asserted their ideas, and present proposal of the Japanese positions.

(a) **METI stated in the *"Purpose of the inauguration "* of the Study Group:**

" As economic digitalization accelerates, startups are increasing in number in emerging countries as consumer markets expand there. Japanese companies are facing fiercer competition with European and Asian companies and an increasing number of them have been changing business models overseas as seen in collaboration or M&A with local companies in addition to incorporating wholly-owned overseas companies. On the other hand, Japanese companies also urgently need to strengthen domestic supply chain resilience and address the data economy. In light of this situation, METI inaugurates a Study Group on International Taxation in the Digital Economy to hold discussions on future short- to mid-term approaches to enhancing Japanese companies' competitiveness and developing fair international taxation that contributes to vitalization of the Japanese economy, taking into consideration international deliberations by the OECD and other organizations on digital taxation. "

"…approaches to enhancing Japanese companies' competitiveness and developing fair international taxation that contributes to vitalization of the Japanese economy..."

(b) Examples of points of contention on which the Study Group will hold discussions

On the website, the METI also explained some examples about the discussions are pointed below:

"The study group will ascertain implications of tax system reforms in major world economies, such as international deliberations and the Tax System Reform of the United States in 2017. Based on this, it will hold discussions on topics such as the following:

i) Ideal approaches to fair taxation on overseas businesses run by Japanese companies with the large variety of potential and existing business models and competitive conditions with western companies taken into consideration (challenges in introducing minimum taxation targeting all countries (Pillar 2)); and

ii) Tax systems that contribute to fair competitive environments for Japanese companies with overseas digital companies in Japan (taking into consideration the international deliberations on tax-source distribution from digital and other companies to market countries (Pillar 1) and the study group's assessment of the digital service tax (DST) in view of case examples of introduction of the DST in other countries).

4 Comment

The issue that has been discussed in the OECD is the issue of international taxation. In Japan, the Director of the International Tax Policy Division of the Tax Bureau of the MOF has participated in OECD meetings and asserted Japan's opinions. The procedures will not be changed.

However, the Study Group inaugurated by the METI has a great deal of overlap with the OECD's discussions, as shown in the " Purpose of

JAPAN

(Continued)

the inauguration " of the Study Group. Since the Study Group itself is by the METI, it will be a proposal that strongly reflects the Japanese industry's intentions. And the summarized finding will be shown in the future as some proposals to the MOF.

Besides, in the "Study Group Members", there are also participants as observers in the International Tax Policy Division of the Tax Bureau of the MOF, and the Large Enterprise Division of the Large Enterprise and Criminal Investigation Department, the National Tax Agency in Japan.

The discussions of future Study Group will be the focus of attention.

TRANSFER PRICING DEVELOPMENTS IN MALAYSIA

MALAYSIA

The recently gazetted Finance Act 2020 introduced various changes to the transfer pricing legislation in Malaysia. One notable change is the tightening of the transfer pricing rules and the introduction of more stringent transfer pricing compliance requirements.

The amendments affecting the Malaysian transfer pricing regime are as follows:

Penalty provision	Effective 1 January 2021	Prior to 1 January 2021
Penalty for failure to furnish contemporaneous transfer pricing documentation	• On conviction, fine of RM20,000 to RM100,000 or imprisonment up to 6 months or both; and • Court may order for the transfer pricing documentation to be furnished within 30 days or any period as it deems fit. • If no prosecution is instituted, the tax authority may impose a penalty of RM20,000 to RM100,000 The Transfer Pricing Guidelines were recently amended to reduce the time given to taxpayers to furnish the transfer pricing documentation from 30 days to 14 days.	No specific penalty provision for failure to furnish transfer pricing documentation.
Surcharge on transfer pricing audit adjustment	• Surcharge imposed on transfer pricing adjustments irrespective whether the adjustment results in additional tax payable or reduction of any deduction or loss. • Surcharge rate of up to 5% on the amounts from adjustments. • On whether the surcharge is in addition to the penalty for incorrect returns under Section 113(2) of the Income Tax Act 1967 (“the Act”), taxpayers are still awaiting further guidance from the tax authority.	• Penalty for incorrect returns under S113(2) of the Act on the amount of additional tax payable arising from transfer pricing adjustments. • For non-taxable cases, no penalty is imposed.

“…recently amended to reduce the time given to taxpayers to furnish the transfer pricing documentation from 30 days to 14 days.”

PHILIPPINES

MFP
M. F. Paderna l and Co.

CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES ACT

On February 3, 2021, the Bicameral Committee of the 18th Congress of the Philippines approved the reconciled version of House Bill No.4157 and Senate Bill No. 1357 or the Corporate Recovery and Tax Incentives for Enterprise Act (CREATE). If passed into law, CREATE would amend several provisions of the National Internal Revenue Code of 1997 on corporate taxation, passive income and fiscal incentives.

The significant provisions of CREATE are as follows:

1. Corporate income tax (CIT) rate shall be reduced to 25% beginning July 1, 2020 for domestic corporations and resident foreign corporations (RFCs), and on January 1, 2021 for non-resident foreign corporations. Domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million, excluding land on which the business entity's office, plant and equipment are situated, are subject to 20% income tax.

2. The optional CIT of 15% of gross income for domestic corporations and RFCs shall be repealed.

3. Foreign-sourced dividends shall be exempted from income tax, subject to certain conditions.

4. ROHQs shall be subject to regular CIT at 25% beginning January 1, 2022.

5. From January 1, 2020 until June 2023, income tax rate shall be temporarily reduced:
   - For proprietary educational institutions and hospitals to 1%;
   - Minimum corporate income tax rate to 1% for domestic corporations and RFCs; and
   - Percentage tax rate on persons exempt from VAT to 1%.

6. Final income tax rate on interest of RFCs derived from depository bank under the expanded foreign currency deposit system is increased from 7.5% to 15%.

7. Capital gains tax from sale of shares of stock not traded in the stock exchange of domestic corporations and RFCs is increased from 5%/10% to 15%.

8. Improperly accumulated earnings tax is repealed.

9. On the tax sparing law, the credit against the tax due shall be equivalent to the difference between the regular income tax and the 15% tax on dividends effective July 1, 2020.

10. The deductible interest expense shall be reduced by 20%, instead of 33% of the interest income subjected to final tax.

11. Coverage of tax-free exchange under Section 40(C)(2) has been expanded and prior confirmation by the Bureau of Internal Revenue or tax ruling shall no longer be required for purposes of availing the tax exemption

12. Additional deduction on labor training expenses of ½ of the value of labor training expenses incurred for skills development of enterprise-based trainees enrolled in public sector high schools, public higher educational institutions, and public technical and vocational institutions shall be granted.

13. Effectivity of the VAT exemption on the sale or importation of medicines for cancer, mental illness, tuberculosis and kidney diseases is moved to January 1,

" Foreign-sourced dividends shall be exempted from income tax, subject to certain conditions..."

2021 from January 1, 2023.

14. COVID-19 health related materials and drugs is exempted from VAT effective January 1, 2021 until December 31, 2023.

On March 26, 2021, the President signed the CREATE bill, which is now Republic Act No. 11534, but vetoed several provisions pertaining to the Fiscal Incentives Review Board, sections that would have granted redundant incentives and the threshold for VAT on sales of real property, among others.

ONLINE AND MANUAL "NOTICE TO RETAIN SPECIFIC CORPORATE TERM"

The Securities and Exchange Commission (SEC) issued on January 13, 2020 a Reminder to existing corporations registered prior to the effectivity of the Revised Corporation Code (RCC) on February 23, 2019, which intend to retain their specific corporate term, to file electronically their Notice to Retain Specific Corporate Term (Notice) with the attachment of Director's Certificate on or before February 23, 2021.

Corporations that fail to submit the said Notice shall be deemed to have selected a perpetual term.

Under Section 11 of the RCC, a corporation shall have perpetual existence unless its articles of incorporation provide otherwise. Under paragraph 2 of Section 11 of the RCC, a corporation with certificate of incorporation issued prior to the effectivity of the RCC, and which continues to exist shall have perpetual existence, unless the corporation, upon vote of its stockholders representing a majority of its outstanding capital stock, notified the SEC that it elects to retain its specific corporate term pursuant to its articles of incorporation, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the RCC.

" Corporations that fail to submit the said Notice shall be deemed to have selected a perpetual term..."

AVAILABILITY OF THE CENTRAL BUSINESS PORTAL

On January 27, 2021, the Bureau of Internal Revenue (BIR) announced the availability of the Central Business Portal (CBP), a project of the Anti-Red Tape Authority, in coordination with the Department of Information and Communication Technology. The CBP is an online system, which serves as a central system to receive applications and captures application data involving business-related transactions from different government agencies (SEC, BIR, SSS, PhilHealth and Pag-ibig) and a platform that will promote the use of the electronic payment systems for the said agencies.

For its initial implementation, the CBP will be available for the following domestic corporations:

1. Corporations with two to four incorporators;
2. Regular corporations whose incorporators are juridical entities, and/or the capital structure is not covered by the 25% - 25% rule; and
3. One-person corporation.

"… serves as a central system to receive applications and captures application data involving business-related transactions from different government agencies …"

SINGAPORE

SINGAPORE BUDGET 2021 OVERVIEW

STEVEN TAN RUSSELL BEDFORD PAC
Public Accounting Corporation

"Extension of Wage Credit Scheme for a year with a co-funding ratio of 15%"

On 16 February 2021, Deputy Prime Minister and Minister for Finance (the Minister), Mr. Heng Swee Keat, presented Singapore's 2021 Budget Statement. The dominant theme of this year's Budget is Emerging Stronger – as an Economy, as a Workforce and as a Society and Community. The Budget aimed to respond to the immediate short-term needs of businesses, workers, and families that have been hit hardest by the COVID-19 pandemic. There are also long-term measures in the Budget with a series of initiatives designed to encourage business innovation, global partnerships, and digital transformation among local businesses. There is also focus on sustainability initiatives under the Singapore Green Plan 2030 to encourage greater collaboration between the Government, community and businesses to make Singapore a liveable city, promote the sustainability agenda, and tackle the effects of climate change.

Some of the broad-based measures include:

Supporting Businesses and Workers

- Extension of Jobs Support Scheme (JSS): Tier 1 sectors (aviation, aerospace and tourism) 30% for wages paid from April to June 2021 and 10% for wages paid from July to September 2021. Tier 2 sectors (retail, arts and entertainment, food services, and marine & offshore) 10% for wages paid from April to June 2021. For most other sectors not covered above, the tranche of JSS announced last year will continue to cover wages up to March 2021
- Extension of Wage Credit Scheme for a year with a co-funding ratio of 15%
- Extension of enhanced (up to 80%) grant schemes such as Scale-up SG, Productivity Solutions Grants, Market Readiness Assistance, and Enterprise Development Grant till end of March 2022
- Extension of Jobs Growth Incentive (JGI) scheme by 7 months. The JGI scheme provides certain percentage of wage subsidies to eligible employers who hire non-mature locals, mature workers aged 40 and above, persons with disabilities and ex-offenders
- Extension of SG United Traineeships, SG United Mid-Career Pathways Programme and SGUnited Skills
- Extension of 250% tax deduction for qualifying donations made from 1 January 2022 to 31 December 2023

Business Tax

- There is no change to the corporate income tax rate, currently at 17% and no tax rebates.
- Extension of Budget 2020 measures:
  - Enhanced carry-back relief scheme to allow carry-back to 3 immediate preceding YAs will be extended to apply to qualifying deductions for YA 2021, with the same parameters.

- Accelerated 2-years (instead of the usual 3-years) capital allowances claim on acquisition of plant and machinery extended to YA 2022
- Accelerated 1-year deduction on expenses incurred on renovation and refurbishment (Section 14Q) extended to YA 2022

- Enhancement of double tax deduction for Internationalisation (DTDi) scheme to cover wider expenses: (a) package fees charged by event organisers for virtual exhibition hall and booth access, webinar/conference, collateral creation, business meeting/match sessions, pitches/product launches/speaking slots and post event analytics, (b) third-party costs for design and production of digital collaterals and promotion materials for virtual fairs, (c) logistics costs incurred to send materials/samples overseas to potential clients met at virtual trade fairs, and (d) logistics costs to transport materials/samples used during the investment trips. In addition, the scope of qualifying activities (with no prior approval required) will be enhanced to cover the following additional activities: (a) product/services certification (primarily to increase buyer's acceptance in overseas market) approved by Enterprise Singapore, (b) overseas advertising and promotional campaign, (c) design of packaging for overseas markets, (d) advertising in approval local trade publication, and (e) participation in virtual trade fairs approved by Enterprise Singapore. The above enhancements will take effect for qualifying expenses incurred on or after 17 February 2021. The current annual expenditure cap of $150,000 remains unchanged.

- Extension and enhancement of the Investment Allowance (Energy Efficiency) (IA-EE) scheme – the scheme provides investment allowance (IA) for Energy Efficiency (EE) improvement projects, subject to certain conditions. This IA-EE scheme will be renamed to "Investment Allowance for Emissions Reduction" scheme, with the expansion in the scope of qualifying projects to include projects involving a reduction of greenhouse gas emissions, and streamlining and updating of eligibility conditions. Revised conditions will apply to projects approved by EDB from 1 April 2021 to 31 December 2026 (both dates inclusive).

- The Automation Support Package will be allowed to lapse after 31 March 2021. However, other schemes including the Enterprise Development Grant and the Enterprise Financing Scheme will continue to be available to support businesses in their automation, productivity and scale-up efforts. The 100% Investment Allowance supporting

" …no change to the corporate income tax rate, currently at 17% and no tax rebates."

" With effect from 1 January 2023, GST will apply on goods imported into Singapore via air or post that have a value of not exceeding $400."

automation scheme will be extended by 2 years for automation projects approved from 1 April 2021 to 31 March 2023 by Enterprise Singapore. The other conditions of the scheme remain the same.

- Extension and refinement of the double tax deduction for qualifying upfront cost attributable to qualifying retail bonds

- Extension of the Business and Institutions of a Public Character (IPC) Partnership Scheme until 31 December 2023. Businesses with employees who volunteer with IPCs under the scheme are eligible to claim a tax deduction of up to 250% of the qualifying expenditures incurred for the provision of services, including secondment to an IPC.

- Extension of withholding tax exemptions for the financial sector, payments made for structured products and payments for over-the-counter (OTC) financial derivatives

GST

- It is announced that the GST rate increase (from 7% to 9%) is expected to take place between 2022 and 2025, but likely to be earlier than later.

- With effect from 1 January 2023, GST will apply on goods imported into Singapore via air or post that have a value of not exceeding $400 (low-value goods). In addition, B2C non-digital services such as live educational courses, fitness training sessions, counselling and telemedicine, when supplied outside Singapore, will also be subjected to GST via the Overseas Vendor Registration regime i.e., overseas suppliers will need to register for GST, and collect and remit the tax on the fees that the local consumers pay.

- Zero-rating for supply of media sales: Currently, the basis for determining whether zero-rating applies to a supply of media sales (e.g., sale of advertising space for hardcopy print and outdoor advertisements, sale of advertising airtime for broadcasting via TV and radio, the sale of media space for web advertising via email, internet or mobile devices) is based on the place of circulation of the advertisement. If the advertisement is intended to be substantially circulated outside of Singapore, the media sales will be zero-rated. If otherwise, the media sales will be standard-rated. With effect from 1 January 2022, the basis for determining whether zero-rating applies to a supply of media sales will be amended to be based on the place where the contractual customer and the direct beneficiary of the service belong. If the customer of the service belongs outside of Singapore and the direct beneficiary either belongs outside of Singapore or belongs in Singapore but is GST-registered in Singapore, the media sales will be

SINGAPORE

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zero-rated. If the customer belongs in Singapore or the direct beneficiary belongs in Singapore and is not GST-registered, the media sales will be standard-rated.

Supporting the family

- Additional $200 GST Voucher for eligible Singaporeans
- $120 - $200 GST Voucher-U-Save payment for eligible households
- $500 - $700 COVID-19 Recovery Grant per month for 3 months for workers who lost their jobs or experienced significant income loss
- 1.5 to 3.5 months of service and conservancy charges rebate for eligible households
- $200 additional Edusave top-up for all Singaporean children below the age of 21
- $100 Community Development Council vouchers for Singaporean households

Green and Sustainable Future

- $60M in new Agri-Food Cluster Transformation Fund to support technology adoption in agri-food sector
- $30M over 5 years for Electric Vehicle related initiatives
- Lower additional registration fee for Electric Cars from January 2022 to December 2023
- Increase in petrol duty rates by 15 cents per litre for premium petrol and 10 cents per litre for intermediate petrol

"If the advertisement is intended to be substantially circulated outside of Singapore, the media sales will be zero-rated."

Disclaimer

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

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