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## Hong Kong: 2015/16 Budget Measures come into force

### Overview

The Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 2) Bill 2015 (Bill) on 9 July 2015 that gives effect to the concessionary measures proposed in the 2015/16 Budget delivered on 25 February 2015.

### Points to note

The Bill includes the following measures, regarding Hong Kong salaries tax:

- A one-time reduction of salaries tax and tax under personal assessment by 75% for year of assessment 2014/15, subject to a ceiling of HKD 20,000 per case.
- An increase in the child allowance and additional child allowance in the year of birth, from HKD 70,000 to HKD 100,000 for each child, effective from the year of assessment 2015/16.

The Bill also includes the following measure for individuals paying rates on Hong Kong property:

- A rate waiver for the first two quarters, subject to a cap of HKD 2,500 per quarter, for each rateable property.

## Comments

It should be noted that the salaries tax reduction is applicable only to the final tax for the year of assessment 2014/15.

For the increased child allowances, the tax authorities will automatically apply the new level in calculating the provisional salaries tax for the year of assessment 2015/16. Taxpayers who are eligible to claim the child allowance only are required to complete their individual tax returns for the 2014/15 year of assessment and need not make separate applications for the increased child allowances.

If not already stated on the 2014/15 individual tax return, taxpayers who wish to apply for child allowance and the additional child allowance for a child born on or after 1 April 2015 may submit a “holdover” application, with respect of the 2015/16 provisional salaries tax charged. The holdover application must be filed no later than:

1. 28 days before the due date for payment of the provisional tax, or
2. 14 days after the date of issue of the notice for payment of provisional tax, whichever is the later.

— Gus Kang (Beijing)  
Partner  
Deloitte People’s Republic of China  
gukang@deloitte.com.cn

Huan Wang (Beijing)  
Partner  
Deloitte People’s Republic of China  
huawang@deloitte.com.cn

Mona Mak (Hong Kong)  
Partner/Principal  
Deloitte People’s Republic of China  
monmak@deloitte.com.hk

Tony Jasper (Hong Kong)  
Partner  
Deloitte People’s Republic of China  
tojasper@deloitte.com.hk

Sandy Cheung (Shanghai)  
Partner  
Deloitte People’s Republic of China  
sancheung@deloitte.com.cn

Joyce W. Xu (Shanghai)  
Partner  
Deloitte People’s Republic of China  
joycewxu@deloitte.com.cn

Fei Fei Li (Shenzhen)  
Director  
Deloitte People’s Republic of China  
ffli@deloitte.com.cn

Irene Yu (Shanghai)  
Partner  
Deloitte People’s Republic of China  
iryu@deloitte.com.cn

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## Indonesia: Recent changes in immigration regulations

### Background

In order to support the growth in the national economy through the tourism sector and to improve the relationship between Indonesia and other countries, the Indonesian Government

recently issued a new regulation to expand the list of visa-free countries by granting short stay visa exemption to the citizens of the following 30 countries who wish to visit Indonesia for tourism purposes. This kind of tourist visa granted upon arrival in Indonesia is valid for a maximum stay of up to 30 days and is not renewable.

## Changes

Summarized below are the changes:

Old regulation	New regulation
<ol style="list-style-type: none"> <li>1. Thailand</li> <li>2. Malaysia</li> <li>3. Singapore</li> <li>4. Brunei Darussalam</li> <li>5. Philippine</li> <li>6. Chile</li> <li>7. Morocco</li> <li>8. Peru</li> <li>9. Vietnam</li> <li>10. Ecuador</li> <li>11. Cambodia</li> <li>12. Laos</li> <li>13. Myanmar</li> <li>14. Hong Kong</li> <li>15. Macao</li> </ol> <p>Permitted activities:</p> <ul style="list-style-type: none"> <li>• Government Duties</li> <li>• Education</li> <li>• Social Visit (Social/Cultural or Family)</li> <li>• Tourism</li> <li>• Business</li> <li>• Journalism</li> <li>• Transit</li> </ul>	<ol style="list-style-type: none"> <li>1. China</li> <li>2. Russia</li> <li>3. South Korea</li> <li>4. Japan</li> <li>5. USA</li> <li>6. Canada</li> <li>7. New Zealand</li> <li>8. Mexico</li> <li>9. Great Britain/ United Kingdom</li> <li>10. Germany</li> <li>11. France</li> <li>12. Kingdom of the Netherlands</li> <li>13. Italy</li> <li>14. Spain</li> <li>15. Switzerland</li> <li>16. Belgium</li> <li>17. Sweden</li> <li>18. Austria</li> <li>19. Denmark</li> <li>20. Norway</li> <li>21. Finland</li> <li>22. Poland</li> <li>23. Hungary</li> <li>24. Czech Republic</li> <li>25. Qatar</li> <li>26. United Arab Emirates</li> <li>27. Kuwait</li> <li>28. Bahrain</li> <li>29. Oman</li> <li>30. South Africa</li> </ol> <p>Permitted activity:</p> <ul style="list-style-type: none"> <li>• Tourism only</li> </ul> <ol style="list-style-type: none"> <li>31. Thailand</li> <li>32. Malaysia</li> <li>33. Singapore</li> <li>34. Brunei Darussalam</li> </ol>

Old regulation	New regulation
	35. Philippine 36. Chile 37. Morocco 38. Peru 39. Vietnam 40. Ecuador 41. Cambodia 42. Laos 43. Myanmar 44. Hong Kong 45. Macao  Permitted activities: <ul style="list-style-type: none"> <li>• Government Duties</li> <li>• Education</li> <li>• Social Visit (Social/Cultural or Family)</li> <li>• Tourism</li> <li>• Business</li> <li>• Journalism</li> <li>• Transit</li> </ul>

This change is effective from 10 June 2015.

**Deloitte’s view**

This regulation is intended to improve international relationships between Indonesia and other countries, as well as contributing to national development.

— Connie Chu (Jakarta)  
 Partner  
 Deloitte Indonesia  
 cchu@deloitte.com

Irene Atmawijaya (Jakarta)  
 Partner  
 Deloitte Indonesia  
 iatmawijaya@deloitte.com

Reinhard Daniel Aritonang (Jakarta)  
 Director  
 Deloitte Indonesia  
 redaniel@deloitte.com

## Norway: Requirements for minimum wages to obtain a work permit have risen

### Overview

In order to obtain a residence permit for work (work permit) in Norway, the pay and working conditions for the employees must not be poorer than what is normal in Norway. For employees working in an industry with a collective agreement, the collective wage rate must be applied in order to meet the requirement. If a collective agreement does not apply, the pay cannot be poorer than what is normal for someone in the same occupation at the place where the employees are going to work.

For positions that require either a bachelor's or a master's degree, minimum pay levels are fixed by the government each year on June 1st. The current levels are as follows (and will not be changed until June 2016):

- If the position requires a master's degree, the pay must be at least NOK 410 500 per year pretax.
- If the position requires a bachelor's degree, the pay must be at least NOK 381 000 per year pretax.

In both cases, the authorities may permit a lower salary provided it can be documented that the lower level is normal for the occupation and place where the employees will work.

### Deloitte's view

The adjustment of the minimum pay levels for obtaining work permits is performed on a yearly basis, and it is in line with the expected salary increase for 2015. The minimum pay levels for obtaining work permits in Norway are utilized to avoid social dumping of foreign workers in Norway.

— Gro Forsdal Helvik (Oslo)  
Partner  
Deloitte Norway  
ghelvik@deloitte.no

Bjørn Ofstad (Oslo)  
Director  
Deloitte Norway  
bofstad@deloitte.no

Petter Schjelderup (Oslo)  
Manager  
Deloitte Norway  
pschjelderup@deloitte.no

## Taiwan: Increase in minimum monthly wage

### Overview

Due to minimum monthly wage increase, certain workers' payroll taxes have also been lifted, in accordance with the Labor Insurance Act, the Labor Pension Act, and the National Health Insurance Act.

### Background

Effective July 1, 2015, the minimum wage was set at NT\$20,008 per month and NT\$120 per hour, increased from NT\$19,273 per month and NT\$115 per hour. As a result, about 2.32 million local and foreign labors were expected to benefit from the wage hike, according to the Ministry of Labor.

### Summary of revision

**Labor Insurance Act:** The lowest grade of an insured person's "monthly insurance salary," i.e., the minimum salary reported by the employer to the competent central authority, has been increased to NT\$20,008.

Only the lowest grade of insurance salary was increased, while other 18 grades were unchanged with the top grade of insurance salary of NT\$43,900 for insured person that reports monthly income of more than NT\$42,001.

**Labor Pension Act:** The 16th grade of monthly wage was adjusted to a range between NT\$19,048 and NT\$20,008 from the previous range of between NT\$19,048 and NT\$19,273, indicating that an employer must contribute at least NT\$1,200 ( $\text{NT\$20,008} \times 6\%$ ) of labor pension out of its employee's monthly wage to the government's Labor Pension Fund, if the worker's monthly salary fits such grade.

All other grades remain unchanged.

**National Health Insurance Act:** The lowest grade of an insured person's minimum monthly health insurance salary is also increased to NT\$20,008.

### Deloitte's view

Employer should pay attention to not just the minimum monthly wage hike, but also related adjustments to labors' payroll taxes for the government's Labor Insurance Fund, Labor Pension Fund, and National Health Insurance Fund.

— Cheli Liaw (Taipei)  
Partner  
Deloitte Taiwan  
cheliliaw@deloitte.com.tw

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## **United States: Changes to due date for FinCEN Report 114 and certain other income tax returns and forms**

### **Overview**

On July 31, 2015, the President signed H.R. 3236, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (the "Act"), which contains important changes to the due dates for income tax returns of corporations, partnerships, estates, and trusts, as well as FinCEN Form 114 and Form 5500. The Act also makes changes to the extension periods allowed for such filings. Generally, the effective date of the changes will affect tax filings beginning with the 2016 tax year. The filing deadline and extensions for individual income tax returns remain unchanged.

### **FinCEN Report 114 (Report of Foreign Bank Accounts)**

The FinCEN Report 114 (FBAR) is currently due June 30 with no extension available. The Act changes this filing deadline to April 15 and, for the first time, allows for an extension of up to six months, making the final deadline October 15. The Act also provides for an extension that will follow rules similar to those that allow US citizens and residents with a tax home overseas to file their individual income tax return on June 15. The new deadline and extension will be applicable with tax years beginning after December 31, 2015.

The Act also provides that for taxpayers required to file an FBAR for the first time, any penalty for failure to timely request an extension may be waived. These amendments and provisions apply to returns for taxable years beginning after December 31, 2015.

### **Other forms**

Although the Act changed the extension period allowed for a trust filing Form 1041, the filing deadline and extension for Forms 3520-A and 3520 remain unchanged. The Form 3520-A informational return required for foreign trusts with US owners is due the 15th day of the third month after the close of the trust's year (March 15 for a calendar year trust). There is a six-month extension available. Form 3520 reports transactions related to foreign trusts, as well as the receipt of foreign gifts and is generally due with an individual's tax return on April 15, with a six-month extension available.

The Act also addressed employee benefit plan reporting on Form 5500 and provides for an additional month on the extension Form 5588. The original deadline for the Form 5500 remains as the last day of the seventh month after the close of the plan year (July 31 for a calendar year plan). The form can now be extended for up to 3 1/2 months after the plan year, resulting in a final deadline of November 15 for a calendar year plan. This amendment applies to returns for taxable years beginning after December 31, 2015.

## Summary of deadlines

	Current		New	
	Deadline	Extension	Deadline	Extension
<b>FinCEN Form 114</b> Report of Foreign Bank and Financial Accounts (FBAR)	June 30	None	April 15 (June 15 for overseas filers)	October 15
<b>Form 3520-A</b> Annual Information Return of Foreign Trust with a US Owner	15th day of the 3rd month after the close of the trust's taxable year (March 15 for calendar year)	Six months (September 15 for calendar year)	15th day of the 3rd month after the close of the trust's taxable year (March 15 for calendar year)	Six months (September 15 for calendar year)
<b>Form 3520</b> Annual Return To Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts	April 15	October 15	April 15	October 15
<b>Form 5500</b> Annual Return/Report of Employee Benefit Plan	The last day of the 7th month after the plan year ends (July 31 for calendar year)	2 1/2 months (October 15 for calendar year)	The last day of the 7th month after the plan year ends (July 31 for calendar year)	3 1/2 months (November 15 for calendar year)

### Deloitte's view

The new filing deadline for the FBAR aligns the timing for this reporting form with that of an individual's income tax return and the provision for an extension provides welcome relief from the strict June 30 deadline. The extension will allow individuals additional time to gather complete information to comply with the FBAR requirements. As with the other changes to deadlines and extensions in the Act, the FBAR changes will be effective with tax years beginning after December 31, 2015. FBARs related to the 2015 tax year will continue to be due June 30, 2016. The process through which an individual will be eligible for and will file an extension, as well as the related penalties for noncompliance, have not been announced at this time and we anticipate further guidance to be released in the year ahead.

— Kent Klaus (Chicago)  
Partner  
Deloitte United States  
kklaus@deloitte.com

Michael Loskove (Chicago)  
Director  
Deloitte United States  
mloskove@deloitte.com

Greg LaBorde (New Orleans)  
Senior Manager  
Deloitte United States  
glaborde@deloitte.com

Elizabeth McCoy (Milwaukee)  
Senior  
Deloitte United States  
emccoy@deloitte.com

#### **Have a question?**

If you have needs specifically related to this newsletter's content, send us an email at [clientsandmarketsdeloittetax@deloitte.com](mailto:clientsandmarketsdeloittetax@deloitte.com) to have a Deloitte Tax professional contact you.

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