

Welcome to our Deloitte Asia Pacific Financial Services Tax newsletter.

The newsletter will be published on a quarterly basis and will focus on key developments in financial services tax in Asia Pacific.

In our first edition, the feature article is “E-invoicing and its impact to the Financial Services Industry”. Senthuran Elalingam, an indirect tax, and tax technology consulting partner with Deloitte Southeast Asia, explores this important topic. In terms of e-invoicing, the immediate focus is the Philippines which is conducting a phased rollout for specific taxpayer groups throughout 2023. Other jurisdictions will follow.

Other developments covered in the newsletter include: the Australian Federal Budget, the Singapore Overseas Vendor Registration Scheme, and the Hong Kong Foreign Sourced Income Exemption.

Our newsletter also has a focus on developments in blockchain/digital assets, climate change and sustainability and the future of work. Relevant developments are covered in this edition, such as the release by Organisation for Economic Co-operation and Development (OECD) of its final guidance on the Crypto-Asset Reporting Framework and amendments to the Common Reporting Standard and changes to the Singapore Carbon Tax. In terms of the future of work, Dion Thai looks at “Remote working: a contributing force for a perfect storm for change and the race for talent”.

In addition to discussing recent developments, our newsletter shares news from the network as well as recent Deloitte eminence in Financial Services Tax. In this issue, we look at the series of three articles prepared by Deloitte that were recently featured in International Tax Review; the articles focused on transfer pricing in a financial services value chain context.

Finally, we profile Sharon Murray who joined Deloitte Melbourne May 2022 from the Australia Taxation Office (ATO) where she was an assistant commissioner of Technical Leadership—Advice and Guidance, and New Measures in Public Groups & International.

We hope that you enjoy our newsletter and look forward to receiving your feedback.

Michael Velten
Financial Services Tax Leader
Deloitte Southeast Asia

+65 6531 5039
mvelten@deloitte.com



Feature article



E-invoicing and its impact to the financial services industry

As a response to increasing demands for greater transparency as well as addressing value-added tax/goods and services tax gaps, governments globally are identifying electronic invoicing (e-invoicing) as a means to achieve this. Across our region a number of countries have either implemented or announced the intention to implement such measures, the most recent being the Philippines which is conducting a phased rollout for specific taxpayer groups throughout 2023.



Key developments/updates



Australian Federal Budget

Key changes announced in the Australian Federal Budget include debt deduction rules, tax transparency, Australian Taxation Office review activity, and new Australian fund vehicle.



Hong Kong Proposed refinements to foreign-sourced income exemption (FSIE) regime

On October 28, 2022, the draft legislation on FSIE was gazetted, which proposes that specified foreign-sourced income would be deemed taxable unless certain conditions are met.



Malaysia Plans to introduce global minimum tax and a qualified domestic minimum top up tax (QDMTT) in 2024

The Malaysian Minister of Finance announced that the government will introduce global minimum effective tax rate as recommended under Pillar Two and plans to implement QDMTT in 2024.



Key developments/updates



Singapore

Overseas vendor registration regime (OVR): concessions for banks

Inland Revenue Authority of Singapore (IRAS) is prepared to grant administrative measures to help overseas banks cope with the OVR implementation and compliance.



Singapore

Monetary Authority of Singapore (MAS) Circular: FDD Cir 05/2022

The MAS has enhanced the list of "Designated Investments" under the Resident Tax Exemption Schemes.



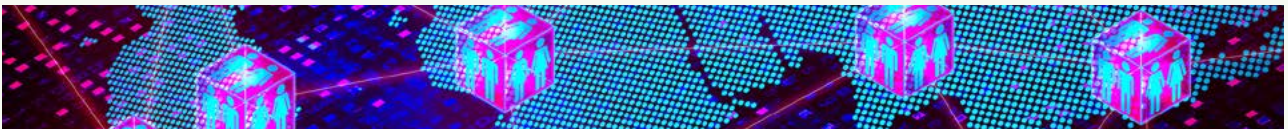
South Korea

Accelerates non-resident exemption for taxes on bonds

In July 2022, the South Korean Ministry of Economy and Finance announced the 2022 tax reform proposals (the "2022 Proposals").



Blockchain/digital assets



Organisation for Economic Co-operation and Development (OECD) final guidance on the Crypto-Asset Reporting Framework and Common Reporting Standard amendments

On 10 October 2022, the OECD released the final guidance on the Crypto-Asset Reporting Framework and amendments to the Common Reporting Standard.



Other digital asset developments

Australia

Cryptocurrency regulation and reforms

On 22 August 2022, the treasurer announced the government will start consultation with stakeholders on a framework for industry and regulators in respect of crypto assets.



Malaysia

Guidelines issued on tax treatment of digital currency or digital tokens

On 26 August 2022, the Inland Revenue Board of Malaysia issued technical guidelines on the tax treatment of digital currency transactions.



Japan

Crypto asset taxation proposals

On 31 August 2022, Japan's Financial Services Agency announced the publication of its request for tax revisions for fiscal year 2023.



Sustainability and climate



Singapore Carbon tax

Singapore implemented a carbon tax, the first carbon pricing scheme in Southeast Asia, on 1 January 2019. The carbon tax is imposed by the Carbon Pricing Act 2018. The carbon tax provides a broad-based price signal to encourage companies to reduce their emissions yet gives them the flexibility to act where it makes the most economic sense.



Singapore Goods and services tax treatment of carbon credits

The goods and services tax (Excluded Transactions) (Amendment) Order 2022 came into operation on 23 November 2022 and excludes the transfer or issuance of a carbon credit or any digital representation of a carbon credit from the scope of goods and services tax.



Future of work

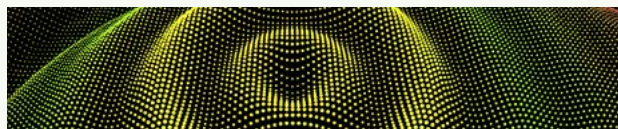


Remote work: a contributing force for a perfect storm for change and the race for talent

In a recent 2022 CEO Deloitte survey, 71% of chief executives expressed concerns about global labor/skills shortage as their top external challenge to their business strategy. From a global talent perspective, the rise of domestic and international remote work and increasingly dispersed talent is one of the five key forces creating a perfect storm for change and the race for talent.



Deloitte eminence



Financial Services Industry value chains and transfer pricing

Value chains are changing at a rapid pace due to factors such as COVID-19, digitalisation, new work arrangements, new competitors, and competitive forces, and many of these changes will be permanent.



Pillar Two: practical issues in QDMTT implementation

As an increasing number of jurisdictions contemplate the introduction of QDMTT as a means to capture top up tax locally, questions arise as to precisely how those QDMTTs should be implemented.



News from the network



Appointment of Cheli Liaw as Asia Pacific Financial Services Industry (FSI) Tax Leader



Cheli Liaw has been appointed our Asia Pacific FSI Tax & Legal Leader. Based in Taipei, Cheli is the Taiwan FSI Tax Leader, as well as leading the International Tax and mergers and acquisitions (M&A) Tax practice in Taiwan. Cheli has been with the firm for more than 20 years and has extensive experience in banking and securities and investment management. She has been involved in many cross-border M&A transactions and restructuring projects for private equity clients. Cheli is acknowledged as one of the Women in Tax Leaders in 2022 by the

International Tax Review and Lead Tax Advisor by Euromoney. She currently acts as the tax committee Co-Chair of American Chamber of Commerce in Taipei and helps draft the white paper for foreign investors to address key tax issues in Taiwan.



New partner in South Korea

We are pleased to welcome Cheol Kim to our Asia Pacific financial services

tax team. Cheol joined Deloitte Korea in October 2022. He joined us from Ernst & Young.

Cheol has more than 20 years of experience and works with major financial institutions in areas such as tax compliance, tax audit defense and appeals, M&A, and reorganisations. Cheol has worked on industry lobbying efforts, including TRS withholding tax for securities companies, IFRS 17 adoption and education tax law revision.

Cheol holds a Master of International Trade and is an AICPA (Washington State).



Interview with Sharon Murray: Tax Controversy Partner, Deloitte Australia

Sharon Murray joined Deloitte in Melbourne May 2022 from the ATO; she is a tax controversy partner with

more than 15 years' experience in corporate income tax matters. Prior to joining Deloitte, Sharon was an Assistant Commissioner of Technical Leadership—Advice and Guidance and New Measures in Public Groups and International. She was also in the Tax Counsel Network and Public Groups and International segment responsible for the private and public rulings program where she provided tax certainty on large market transactions and international tax issues.

At Deloitte, Sharon advises on all stages of the dispute cycle with expertise in early engagement and dispute resolution, recognising that timeliness and certainty are critical to corporate decision making.

We talked to Sharon about her career journey and view on tax controversy.

[Read full interview](#)



Editorial team

For further information, please feel free to reach out to our editorial team:

Michael Velten

Financial Services Tax Leader
Deloitte Southeast Asia

+65 6531 5039

mvelten@deloitte.com

Kevin Ng

Manager
Deloitte Singapore

+65 6800 2891

kevinbng@deloitte.com

Ivan Lee

Assistant Manager
Deloitte Singapore

+65 6800 1968

ivalee@deloitte.com



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