

Highlights on Financial Services developments in Asia Pacific

Welcome to the latest edition of our Deloitte Asia Pacific Financial Services Tax newsletter.

The newsletter seeks to curate the key financial services developments in the region.

This issue has a specific focus on tax policy developments in Asia Pacific that impact financial services. This includes the 2023 tax law reforms in Japan and South Korea, as well as the various budgets delivered over the past few months, namely Singapore, Malaysia, Hong Kong, Australia, and India.

The newsletter also focuses on indirect tax developments including the proposed changes to China's Value-Added Tax (VAT) law, the latest developments on Singapore's Overseas Vendor Registration (OVR) scheme, and possible changes to Singapore's Goods and Services Tax (GST) and Fixed Input Tax Recovery Rate (FITR) for banks.

Other than operational tax changes, key mobility related developments such as the proposed Complementarity Assessment Framework (COMPASS) for Singapore are also covered in this newsletter.

In addition to discussing the recent developments, the newsletter shares recent Deloitte eminence activities in Financial Services Tax. This includes the Asia Pacific Investment Management and Real Estate tax roadshow, as well as our Southeast Asia Financial Services Tax series webinar.

Finally, we will also look at news from the network including the appointment of Meghan Speers as our Australia Financial Services Tax Leader, the secondments of Senthuran Elalingam and Mike Barbosa to Singapore. We warmly welcome Gary Chiu as a new partner, Rita Leung and Philip Moralee as the new directors to join us in our Hong Kong office and Gloria Su who joins as the new director in our Beijing office.

We hope you enjoy our newsletter.

If you have any questions, please do not hesitate to reach out to your Deloitte contact(s).

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Tax policy developments in Asia Pacific



Singapore Budget

The Singapore Budget 2023 was delivered by Singapore's Deputy Prime Minister and Minister for Finance. Some key tax highlights are proposals to review and update various industry development schemes to maintain Singapore's competitiveness in attracting and retaining investments.



Malaysia Budget

The Honourable Prime Minister of Malaysia tabled the 2023 Budget of the MADANI Government in Parliament with highlights on the implementation of a Global Minimum Tax, proposal for Capital Gains Tax on gains arising from the disposal of unlisted shares, extension of stamp duty exemptions and more.



Hong Kong Budget

An overview of the key tax proposals for financial services delivered during the 2023-24 Budget speech by the Financial Secretary of Hong Kong Special Administrative Region.



Australian Budget

The Australian Treasurer delivered the Federal Budget 2023-24 with the theme "Stronger foundations for a better future" underpinning the key tax proposals including the implementation of a global minimum tax.



India Budget

The key tax proposals announced in the India's Union Budget 2023 focused on seven priorities to achieve the Government's vision as a technology-driven and knowledge-based economy with strong public finances.



Law Reform



Japan Tax Law Reform

The Japan Government released the 2023 tax reform proposals aimed to increase investment in markets, industries and people in an integrated manner while properly implementing tax and other policies to redistribute wealth, so that as many people as possible can enjoy the benefits of growth.



South Korea Tax Law Reform

Key highlights on Korean Tax Reform 2023 for financial service companies includes the overall reduction in corporate tax rates per tax bracket, elimination of Accumulated/Undistributed Earnings Tax, dividend income exclusion of dividends received from a foreign subsidiary, and revised Dividend Received Deduction.



Indirect tax developments



Singapore

Overseas Vendor Registration (OVR) latest developments: administrative measures for the OVR regime for the banking industry

On 1 January 2023, the scope of the Singapore's Goods and Service Tax (GST) regime was expanded to include all remote services provided by non-resident service providers to customers in Singapore. Considerable dialogue on the regime between the IRAS resulted in granting various administrative concessions including an updated issuance of FDD Cir 03/2023 by the MAS to alleviate the challenges.

Deloitte's views on revisions to the fixed input tax recovery rate (FITR) regime

Recent developments for banks in Singapore regarding the FITR regime have been outlined in a survey circulated by the IRAS to members of the Association of Banks in Singapore. Deloitte has provided some observations and thoughts around several methods as a solution should FITR cease at the end of next year.



China

Latest draft Value-Added Tax (VAT) law published—impact for Financial Services

On 27 December 2022, the latest draft of the VAT law importing most of the current VAT rules was submitted to China's Standing Committee of the National People's Congress for first review. Proposed changes include modifications to the creditable input VAT.

Operational taxes



Taiwan

Securities Transaction Tax

On 10 May 2023, the draft amendment of the STT Act proposed by Taiwan's Ministry of Finance (MOF) on 2 March 2022 was approved and released by the President Office. The objective was to reduce tax burden on hedging compliance transactions and promote warrant trading volumes. The amendment will improve the current market making and liquidity of warrants, ultimately creating a more favourable investment environment.



Thailand

Financial Transaction Tax

The financial transaction tax (FTT) that the Thai Revenue Department (TRD) anticipated imposing on the sales of securities listed in the Stock Exchange of Thailand (SET) by the mid of 2023 is currently put on hold indefinitely. The Federation of Thai Capital Market Organisations (FETCO) opposition of the collection of the FTT, and Thailand's political instability with the dissolution of the Parliament are the main factors for this.

Mobility



Singapore

Complementarity Assessment Framework (COMPASS)

Singapore's Ministry of Manpower (MOM) will launch COMPASS to evaluate Employment Pass (EP) applications applicable to new EP applications from 1 September 2023 and renewal EP applications from 1 September 2024.



China

Introduction of exit endorsement for Mainland China Talents

The mainland China Government announced an implementation of exit endorsement for talents in Guangdong-Hong Kong-Macao Greater Bay Area on a pilot basis from 20 February 2023.



Hong Kong

Online applications for Top Talent Pass Scheme (TTPS) launched

On 28 December 2022, the Hong Kong SAR Immigration Department opened online applications for new TTPS to attract eligible talent to explore new opportunities.



Indonesia

Benefits-in-Kind (BIK)—implementing regulation on Income Tax Law issued

On 20 December 2022, the Indonesian Government issued Government Regulation Number 55 of 2022 (PP-55) and implemented the income tax provisions of Law Number 7 of 2021 regarding the Harmonisation of Tax Regulations (*Harmonisasi Peraturan Perpajakan* [HPP Law]).



Tax transparency



Australia

New public tax reporting for Australian and foreign headquartered multinationals

The Exposure Draft: Multinational Tax Transparency (published 6 April 2023) is set to make large global groups operating in Australia report tax-related data publicly, including data on worldwide intangible assets. In-scope companies are required to publish the information within 12 months after the year end.



International tax



Hong Kong

Hong Kong SAR remains on European Union (EU)'s "grey list" due to scope of FSIE regime

On 14 February 2023, the EU issued a revised list of noncooperative jurisdictions for tax purposes. Hong Kong SAR is still on annex II of the revised list (annex II is referred to as the "grey list") notwithstanding that it implemented the Foreign-source Income Exemption (FSIE) regime at the beginning of this year.



Malaysia

Revised guidelines issued on tax treatment of foreign-source income

Subsequent to the issuance of revised technical guidelines on 29 December 2022 and a media release on the next day, the Inland Revenue Board of Malaysia imposed an additional condition to qualify for the tax exemption for foreign-source dividend income received in Malaysia by qualifying persons.



Information reporting



Updated list of participating jurisdictions for Common Reporting Standard (CRS) purposes

The list of participating jurisdictions is relevant to the extent that a professionally managed investment entity not resident in a participating jurisdiction will be treated as a passive nonfinancial entity rather than a financial entity for due diligence and reporting purposes. In this latest update, Kenya, Morocco and Trinidad and Tobago have been removed from the list of participating jurisdictions.



Grants and incentives



Extension of the Singapore Variable Capital Companies Grant Scheme (VCCGS)

The Monetary Authority of Singapore (MAS) has extended the validity period of the VCCGS for a period of two years from 16 January 2023 to 15 January 2025 (both dates inclusive) to build on the momentum and continue to broaden VCC adoption and support more fund managers in setting up their first VCC.



Deloitte Eminence



Deloitte 2023 Asia Pacific (APAC) Investment Management & Real Estate Roadshow

The event covered various topics and geographies including tax updates from each of the jurisdictions, fund structuring for investments, current issues on mergers and acquisitions tax, tax audit and controversy, digital assets, fintech and venture capital tax.



Deloitte's 2023 Southeast Asia (SEA) Financial Services Tax Series

The series brought together regional specialists who examined key tax issues facing Financial Services stakeholders across SEA and consider how the tax function can navigate relevant issues, ensure robust responses, and proactively maximise opportunities to add value to the business.



News from the network



Appointment of Meghan Speers as Australian Financial Services Tax leader



Meghan Speers has been appointed the Australian Financial Services Tax Leader, succeeding James Pettigrew in the position. Meghan is a Financial Services Partner at Deloitte and has more than 20 years of experience advising superannuation funds on their tax risk management, national and international tax investment issues, tax compliance and trustee advice.

Meghan is also Deloitte's Australian Tax & Legal Leader for Business Tax Advisory, who leads the Australian Financial Services Industry for Tax & Legal. She is also a member of the Australian Tax & Legal Executive team.

Secondment Partner in Singapore



Senthuran Elalingam commenced a secondment to Deloitte Singapore Tax & Legal from Deloitte Malaysia on 1 February 2023.

Senthuran is an Indirect Tax partner with more than 20 years of experience under his belt. His Indirect Tax experience spans across a number of jurisdictions, primarily Malaysia and Australia. He has also worked in China and the Middle East.

Senthuran is focusing specifically on the Financial Services industry and is currently the Asia Pacific and Southeast Asia Financial Services Indirect Tax Leader. His clients include a cross-section of the Financial Services industry, such as banks, brokers, insurers, reinsurers, asset managers, and payment intermediaries. With his breadth of experience and industry eminence, Senthuran will help to build a stronger market presence in Singapore and the region.

News from the network



New partner in Hong Kong



We are pleased to welcome Gary Chiu who recently joined our Hong Kong office as a Partner in the Tax and Business Advisory Practice. With 15 years of experience in private equity fund administration and related advisory services, Gary will utilise his knowledge and experience help to develop our fund accounting and administration services across all regions in the China marketplace, and further improve our collaboration in the Permanent Establishment/Venture Capital community.

New Directors in Hong Kong



We are pleased to welcome Rita Leung who joins our Hong Kong office as a Director of the Tax and Business Advisory Group. Rita joins Deloitte after spending a total of more than 18 years at another Big Four firm in the United States (US).

Rita has extensive experience in US tax compliance services for inbound and outbound corporations, partnerships, and trusts, preparing various tax returns, tax forms and statements. She also provides US tax consulting services with respect to corporate restructuring, US inbound and outbound investments, fund repatriations, trusts with US settlors and/or beneficiaries, US tax exposure analysis, and Foreign Account Tax Compliance Act (FATCA)/Common Reporting Standard (CRS) related matters.



We are pleased to welcome Philip Moralee who joins our Hong Kong office as a Transfer Pricing Director. He has 11 years of experience working in Hong Kong and London with other Big Four firms and

specialises in providing transfer pricing services to clients in the financial services sector. Philip works with asset managers, insurers, banks, and securities firms and has extensive experience in the FinTech space. He has also advised private equity and corporate buyers/sellers on mergers and acquisitions transactions. With Philip joining our Hong Kong office and our Greater China go-to-market efforts and delivery capabilities, it provides us with greater depth and experience in a key market.

New Director in China



We are pleased to welcome Gloria Su who joins our Beijing office as a Director in our Tax and Business Advisory Services Practice. Gloria has more than 17 years of experience in Deloitte China, focusing on financial institutions, particularly in the insurance industry.

Gloria is experienced in advising clients on corporate and operational restructuring, including tax consulting, tax planning, tax due diligence, tax review/health check and tax compliance services. Gloria also actively participated in the implementation of Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) in China.

News from the network



Interview with Mike Barbosa: International Tax Partner, Deloitte Singapore



Mike Barbosa joined the Southeast Asia (SEA) Financial Services practice in Singapore as an International Tax Principal at the beginning of March this year. He is beginning his three-year secondment from the United States US firm's International Tax Services practice and will be focused on developing SEA and the greater Asia Pacific (APAC) regions' penetration into the Private Equity and Real Estate Fund & Investment Management space as well as augmenting APAC's Small and Medium-sized Enterprise (SME) bench to assist with all varieties of US tax associated with cross-border transactions. Mike has been providing cross-border US tax advisory services to US and non-US multinational enterprises and investors since 1999.

Before joining the Singapore team, Mike was a leader of the Denver Colorado International Tax Services team, and prior to that, he spent most of his career at Deloitte as a member of the Los Angeles California International Tax team.

Mike recently completed a one-year secondment to a large European private equity and real estate investment fund group, where he gained experience and established relationships through close interaction with the funds' tax leaders, deal teams and operations professionals. This experience was a significant impetus resulting in his relocation to Singapore and focus on Permanent Establishment/Investment Management items.

We talked to Mike about his career journey, how international tax have shaped his experiences and some perspective from his US practices and how Asia Pacific companies should focus on.

[Read full interview](#) 

Editorial team

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