

# PRISM

**Tax Newsletter**

3rd Quarter 2022

**Australia: Single Touch Payroll (STP) – Phase 2**

**Nigeria: Key Changes in the Nigerian Finance Act 2021**

**Saudi Arabia: The Cancellation of Fines and Exemption of Penalties Initiative**

**UK: Are you an overseas entity with UK land or property?**

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## Australia

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### Single Touch Payroll (STP) – Phase 2

Single Touch Payroll (STP) Phase 2 will reduce the reporting burden for employers who need to report payroll information about their employees to multiple government agencies. The start date for Phase 2 reporting is 1 January 2022. The ATO is offering a flexible approach to transition.

#### 一键薪酬支付系统 (STP) - 第二阶段

一键薪酬支付系统 (STP) 第二阶段将减轻雇主向多个政府机构报送员工工资信息的报告负担。第2阶段报送的开始日期是 2022 年 1 月 1 日。澳大利亚税务局 (ATO) 提供灵活的过渡方案。

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## Cyprus

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### New Transfer Pricing rules and documentation

The House of Representatives voted into Cyprus Law on 30 June 2022, the new Transfer Pricing (“TP”) rules and documentation applicable to all Cyprus tax resident parties and permanent establishments of non-tax resident companies.

These rules are applicable from the 1 January 2022 and they were based on OECD Transfer Pricing Guidelines.

A public notification is to be issued by the Tax Commissioner and published in the Official Gazette, that will cover the precise content and documentation to be included in the required submissions as described below.

#### 转让定价新规则和文档

2022年6月30日塞浦路斯议会通过法规-新转让定价规则和文档，该规则和文档适用于所有塞浦路斯纳税居民和非税务居民公司的常设机构。

规则以经合组织转让定价指南为基础而制定且自2022年1月1日起适用。

税务专员将会在官方公报上发布公告就要求提交的具体内容和文档进行说明。

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## Malaysia

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### Tax Treatment of Digital Currency Transactions

On 26 August 2022, the Inland Revenue Board of Malaysia (IRBM) has issued the updated Guidelines on Taxation of E-commerce Transactions (e-CT) published on 13 May 2019. The Guidelines provides guidance on income tax treatment in respect of e-CT which includes general tax treatment of digital currencies or digital tokens. The Guidelines applies to any person that acquire or dispose digital currencies as well as involve in business of digital currencies such as trading, mining and exchanges of digital currencies.

#### 数字货币交易的税收处理

马来西亚内陆税收局 (IRBM) 于2022 年 8 月 26 日发布了对于 2019 年 5 月 13 日公布的电子商务交易税收指南 (e-CT) 最新更新，包括对数字货币或数字代币的一般税收处理。该指南适用于购买或出售数字货币者，以及从事数字货币交易、挖矿、兑换等数字货币业务的人。

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# Nigeria

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## Key Changes in the Nigerian Finance Act 2021

The Finance Act 2021 made amendments to already existing Nigerian tax laws as well as regulatory legislations. Some of the changes made affected the Capital Gains Act; Stamp Duties Act, Personal Income Tax Act; Companies Income Tax Act; Tertiary Education Trust Fund (Establishment Act).

The Finance Act 2021 also made amendment to some other non-tax legislations such as Fiscal Responsibility Act, Finance (Control and Management) Act, and the National Agency of Science and Engineering Infrastructure Act bringing them in line with prevailing economic realities.

### 2021年尼日利亚金融法的主要变化

《2021年金融法》对现有的尼日利亚税法 and 监管立法进行了修订，所做的一些修改影响了《资本收益法》；印花税法案、个人所得税法案；公司所得税法案；高等教育信托基金(法案)。

《2021年金融法》还对其他一些非税收立法进行了修订，例如《财政责任法》、《金融(控制和管理)法》和《国家科学与工程基础设施法》，使其符合当前的经济现实。

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# Saudi Arabia

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## The Cancellation of Fines and Exemption of Penalties Initiative

The Cancellation of Fines and Exemption of Financial Penalties Initiative for Taxpayers was launched by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia to mitigate the financial effects of the Corona pandemic, which includes canceling the penalties for late registration in tax, late filing of tax returns, un-payment of tax dues by the taxpayer, and corrections of tax returns. This initiative includes all types of taxes in the Kingdom of Saudi Arabia (Income Tax, Withholding Tax, Value Added Tax, Real Estate Transaction Tax, Excise Tax).

### 取消罚款和免除刑罰倡议

沙特阿拉伯王国扎卡特、税务和海关管理局发起“取消纳税人罚款和免除纳税人财务处罚倡议”，以减轻新冠大流行带来的财务影响，其中包括取消对纳税人税务登记延迟、纳税申报延迟、纳税人未缴纳税款和更正纳税申报单的处罚。该倡议包括沙特阿拉伯王国所有类型的税收(所得税、预扣税、增值税、房地产交易税、消费税)。

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# UK

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## Are you an overseas entity with UK land or property?

Companies House has announced that it will begin writing to all overseas entities who own land in England, Wales and Scotland to make sure they know about their new responsibilities regarding The Register of Overseas Entities.

### 贵司是在英国拥有土地或物业的海外实体吗？

英国公司注册处(Companies House)已宣布，他们将开始通知在英格兰、威尔士和苏格兰拥有土地的所有海外实体，确保其知悉他们在海外实体登记册方面的新责任。

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# Australia



## Single Touch Payroll (STP) – Phase 2

### Why Does ATO want to know the disaggregated income?

Different components of pay are treated differently by various laws – example, overtime is treated differently for superannuation guarantee, some kinds of leave are treated differently by Services Australia when determining an individual's entitlements with the social security system. Reporting the disaggregated income means these components can be identified and treated correctly.

### Timing

Tax File Number (TFN) will no longer be reported to ATO once STP Phase 2 is commenced. Annual leave and sick leave are reported separately as Paid Leave. Paid public holidays are not reported separately from ordinary wages.


### Reporting

As STP is year-to-date (YTD) reporting, generally on transitioning to STP Phase 2 employers should commence reporting the full year YTD figures for each disaggregated component. In some cases, the full YTD figures may not be available. The ATO is not expecting employers and agents to reconstruct pre-STP Phase 2 periods with new information or where the data is not available.

Directors' fees are specifically included in STP reporting and need to be reported separately in STP Phase 2.

The requirement is to report on or before the day a payment is made, regardless of frequency. This means if a payment is made weekly, reporting is required weekly, or if payment is only made annually, reporting is required annually.

Payers with closely held payees have been required to report through STP since 1 July 2021 and will be required to transition to STP Phase 2 along with all other employers.

All employers have been required to report using STP since 1 July 2019, regardless of how many employees they have, unless they have applied to the ATO and been granted an exemption. All employers will be required to transition to STP Phase 2. 

### Reference

(CPA Australia)

# Cyprus



## New Transfer Pricing rules and documentation

### Definition of a related party

The new law defines the parties as related when:

1. If same person and its related persons hold directly or indirectly the 25% of the voting rights or share capital or are entitled to more than 25% of profits in both companies, then the two companies are related
2. If a person and its related persons hold directly or indirectly the 25% of the voting rights or share capital or are entitled to more than 25% of profits of a company, then the person is related to the company
3. If two or more persons act together to hold directly or indirectly the 25% of the voting rights or share capital or are entitled to more than 25% of profits of a company, then all the persons are related

### Local File

Related parties that engage together in controlled transactions of which the total value is more than €750,000 per annum per Category are required to maintain and keep a Local File.

The relevant categories of controlled transactions are the exchange of goods, services, royalties and intellectual property, financial and other.

The required contents of the Cyprus Local File closely follow the definition and suggested contents as per the OECD TP Guidelines and BEPS Action 13 Report.

### Master File

If the taxpayer is part of a multinational enterprise group, with consolidated revenue above €750 million, with a Country-by-Country Reporting obligation and the taxpayer either the Ultimate Parent Entity or the Surrogate Parent Entity, then the preparation and maintenance of a Master File is required.

The purpose of the master file is to provide a high-level overview in order to place the group's transfer pricing practices in their global economic, legal, financial and tax context.

As also expected, the required contents of the Master File will closely follow the definition and suggested contents as per the OECD TP Guidelines.

### Summary Information Table

The Summary Information Table ("SIT") must be submitted by all entities engaging to transaction with their related parties, irrespective of the value of these transactions. The SIT will include in brief the intercompany transactions, general information about

the group, the profile of the business and the transfer pricing method used and will be submitted annually together with the income tax return of each entity.

### Consequences

A penalty of €500 is applicable in case of late submission of the SIT.

In case the tax authorities request the submission of a Local and/or Master File the taxpayer is obliged to submit it within 60 days. The following penalties apply for late submission:

- 61 to 90 days: €5.000 penalty
- 91 to 120 days: €10.000 penalty
- 121 days and more: €20.000 penalty

### Advance Pricing Agreement procedure

Finally, the new law also provides specific provisions regarding Advance Pricing Agreements (“APA”) based on the arm’s length principle. The purpose of the APA is the appropriate set of conditions and assumptions used to determine controlled transactions for a specified period.

These criteria shall include the following:

- The TP documentation method used
- The critical assumptions on the specified profile of the parties involved
- The relevant market conditions
- Comparable and appropriate adjustments
- Any other matters in relation to the pricing of these transactions

Upon submission of an APA request to the Tax Department, the request shall be accepted or rejected within 10 months. The Tax Commissioner has the right to extend the timeframe up to 24 months and an approved APA request will be valid for period of up to four years. 🇲🇾

## Malaysia

### Tax Treatment of Digital Currency Transactions

On 26 August 2022, the Inland Revenue Board of Malaysia (IRBM) has issued the updated Guidelines on Taxation of E-commerce Transactions (e-CT) published on 13 May 2019. The Guidelines provides guidance on income tax treatment in respect of e-CT which includes general tax treatment of digital currencies or digital tokens. The Guidelines applies to any person that acquire or dispose digital currencies as well as involve in business of digital currencies such as trading, mining and exchanges of digital currencies.

“Digital currency” means a representation of value which is recorded on a distributed ledger whether cryptographically secured or otherwise, that functions as a medium of exchange and is interchangeable with any money, including the crediting or debiting of an account.

“Digital token” means a representation which is recorded on a distributed ledger whether cryptographically secured or otherwise.

Generally, digital currency transactions in Malaysia are taxed based on Section 3 of the Income Tax Act 1967 (ITA) where income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia is taxable.

The followings are the tax treatments in respect of specific transactions involving digital currencies:

1. Trading of digital currencies
  - Taxed on the profit derived from trading in the digital currencies similar to the trading of stock
2. Mining of digital currencies
  - Subject to tax according to the existing income tax provisions if profit-seeking motive is established
3. Receiving and paying for business transactions in digital currencies
  - The transactions involving digital currencies should be accounted similar to normal business
4. Paying of salaries and wages to employees in digital currencies
  - The payments are deductible to the business as an expenses
  - The salary and wages received are taxable

Taxpayers are advised to keep records include:

- Records to determine the nature of transactions
- Records to determine the value of digital currency based on online exchange
- Date of transaction
- Receipts of purchase / transfer of digital currency
- Exchange records
- Bank statements 🇲🇾

### Reference

Official Portal of Inland Revenue Board of Malaysia  
[www.hasil.gov.my](http://www.hasil.gov.my)

# Nigeria



## Key Changes in the Nigerian Finance Act 2021

On the 31st December 2021, President Muhammadu Buhari of Nigeria signed the Finance Bill 2021 (now Finance Act 2021) with an effective date of 1 January 2022 into law.

The Finance Act 2021 made amendments to already existing Nigerian tax laws as well as regulatory legislations. Some of the changes made affected the Capital Gains Act; Stamp Duties Act, Personal Income Tax Act; Companies Income Tax Act; Tertiary Education Trust Fund (Establishment Act).

The Finance Act 2021 also made amendments to some other non-tax legislations such as Fiscal Responsibility Act, Finance (Control and Management) Act, and the National Agency of Science and Engineering Infrastructure Act bringing them in line with prevailing economic realities

### 1) Capital Gains Tax:

Capital gains tax at 10% is chargeable on the disposal of shares worth 100 million Naira or above in any 12 consecutive months except to the extent that such proceed is reinvested in the shares of any Nigerian company.

### 2) Education Tax:

The education tax payable by Nigerian companies has been increased from 2% to 2.5% of assessable profits.

Companies engaged in educational activities are now subject to corporate income tax regardless of whether such activities are of a public character.

### 3) National Agency for Science and Engineering Infrastructure Levy:

A science and engineering levy of 0.25% of profit before tax is payable by companies engaged in banking, mobile telecommunication, ICT, aviation, maritime, and oil & gas with turnover of 100 million Naira and above.

### 4) Police Trust Fund Levy:

The Federal Inland Revenue Service (FIRS) was mandated by the Act to assess, collect and enforce the payment of Nigerian Police Trust Fund levy. The tax was introduced by the 2019 Finance Act at the rate of 0.005% on the net profit of companies operating in Nigeria.

### 5) Excise Duty:

Imposition of excise duty at 10 Naira per litre on non-

alcoholic, carbonated and sweetened beverages. It is expected that the imposition of excise duty of 10 Naira will translate to an increase in the retail price of products by up to 5% with the lower end products bearing higher burden.

### 6) Reduction of minimum tax rate:

The reduction of minimum tax rate from 0.5% to 0.25% of turnover (less franked investment income) will apply to any two accounting periods between 1 January 2019 and 31 December 2021 as may be chosen by the taxpayer.

### 7) Foreign Digital Company:

The Federal Inland Revenue Service (FIRS) may assess tax on the turnover of a foreign digital company involved in transmitting, emitting, or receiving signals, sounds, messages, images or data of any kind including e-commerce, app stores, and online adverts. Such companies are also obliged to charge, collect and remit (Value Added Tax) VAT to the Federal Inland Revenue Service (FIRS).

The amendments made by the Finance Act 2021 were primarily aimed at addressing ambiguities and providing clarity to certain provisions in the existing tax laws, as they are applicable to business activities in Nigeria.

# Saudi Arabia



## The Cancellation of Fines and Exemption of Penalties Initiative

The Cancellation of Fines and Exemption of Financial Penalties is the second initiative taken by the Zakat, Tax, and Customs Authority (ZATCA) to reduce the financial implications of COVID 19 on establishments and taxpayers for a period of six months commencing on June 1, 2022.

The ZATCA has clarified the types of fines and violations covered by this initiative, as follows:

1. Exemption from unpaid financial penalties including:
  - Fine for late registration in all tax systems.
  - Fine for late filing and payment of tax returns in all tax systems.
  - Fine for correcting VAT returns.
  - Fines for field detections of violations of VAT and E-invoicing.
2. The exemption is subject to specific conditions, such as:

- Registration in the Tax System in which registration was required for those non-registered persons.
  - Providing all necessary returns to the ZATCA not provided previously, or disclosure of all taxes that have been incorrectly disclosed, and payment of full tax debt principal related to the tax returns to be filed or amended in order to correctly disclose the Tax Liabilities due.
3. The possibility of settling dues via installments specified and approved by (ZATCA).
  4. This initiative is valid for six months starting from June 1, 2022, until November 30, 2022.

The Types of taxes included by the initiative are:

- Income Tax.
- Withholding Tax.
- Value Added Tax.
- Real Estate Transaction Tax.
- Excise Tax.

The initiative does not include the following:


- Fines that have been paid before the effective date of this initiative.
- Fines resulted from Tax Evasion Violations.
- Fines of delay in payment associated with the Tax principal included in an Installment Plan approved by (ZATCA) which will become due after the expiration of the initiative on November 30, 2022.

There are conditions required for benefiting from the initiative, as follows:

The Taxpayer shall be exempted from the following:

1. Fines for late registration in tax systems pursuant to the following conditions:
  - Registering along with specifying the date on which the registration should have been.
  - Providing all past due tax returns.
  - Payment of full Tax debt principal due resulting from the tax returns that have been submitted.
2. Fines for late filing of the tax return that must be submitted to (ZATCA) prior to the effective date of the initiative on all tax systems according to the following conditions:
  - Providing un-submitted tax returns and payment of full tax debt principal associated with the fine resulted from submitting.
3. Fines for late payment of tax returns that must be paid prior to the effective date of the initiative on all

tax systems, whether the unpaid amounts resulted from the taxpayer's self-disclosure or from ZATCA's assessment, provided that:

- The full tax debt principal associated with the unpaid fine which resulted from late filing, self-disclosure, or assessment of the Authority is paid.
4. Fine for amending VAT returns whether the correction had been made by the taxpayer as a result of disclosure, or as a result of a correction done by the Authority provided that:
    - The full tax debt principal that resulted from correction is paid.
  5. The un-paid financial fines due to the field detection violations for VAT and electronic invoicing provided that:
    - The taxpayer should have neither any unfiled tax returns to (ZATCA) nor an unpaid tax debt principal. if the taxpayer has an unfiled tax return or an unpaid tax debt principal, then the taxpayer could only benefit from the exemption by providing all unfiled tax returns.
    - Any outstanding tax debt principal is paid. 

## Reference

<https://zatca.gov.sa/en/HelpCenter/guidelines>

# UK



## Are you an overseas entity with UK land or property?

Companies House has announced that it will begin writing to all overseas entities who own land in England, Wales and Scotland to make sure they know about their new responsibilities regarding The Register of Overseas Entities.

This includes:

- Any non-UK legal entity with separate legal personality under its foreign law of registration that has owned registered freehold or leasehold title to UK land since 1/1/1999 in England or Wales, (or since 8/12/2014 in Scotland), must register itself and its beneficial owners on the new Register.
- Any non-UK legal entity wishing to purchase such UK land in any part of the UK must also register.
- Any non-UK legal entity intending to dispose of such UK land, or which has disposed of such land since 28/2/2022 must also register.
- Third parties involved in real estate transactions

with non-UK legal entities, such as lenders and those with the benefit of security granted over or in connection with UK land will need to take account of the new legislation; as will third parties who buy UK land from non-UK legal entities, and third parties who sell UK land to non-UK legal entities.

Under this new campaign, these entities will be required to provide The Register of Overseas Entities:

- Independently verified information concerning the identity of any of its registrable beneficial owners and information about itself and its officers to Companies House.
- An annual update to this information.

Once this is completed, each non-UK legal entity will be given an "overseas entity ID" for registration on the new Register, and the Register will be made public including information on:

- The name of each registrable beneficial owner of the non-UK legal entity; and
- Their nationality

#### **Act now**

These new requirements are expected to come into force within the next few weeks with a deadline of 14th September 2022 to complete the registration process, and so those affected must act now.

Failure to register will result in restrictions on the sale of the property, alongside significant penalties applicable for the entity and its officers.

As the registration portal is not yet available, HMRC may extend the grace period for existing entities. 🇬🇧



# International Tax Panel



**Malaysia**

**LL KOONG**  
Tel: +603 2166 2303

**ITP Chairman**



**China**

**CHEN LAN**  
Tel: +86 898 32802332

**ITP Vice-Chairman**



**Italy**

**ALESSANDRA BITETTI**  
Tel: +39 02 76004040

**ITP Vice-Chairman**



**United Kingdom**

**PETER McMAHON**  
Tel: +44 (0)20 8458 0083

**ITP Vice-Chairman**



**Bangladesh**

**BABUL RABBANI**  
Tel: +880 01715260585



**Belarus**

**VOLGA KOVTUN**  
Tel: +375 29 857 91 37



**Bosnia and Herzegovina**

**ELVIR GOJAK**  
Tel: +387 61 106 210



**Cambodia**

**NEOH BOON TOE**  
Tel: +855 17 363 303



**China**

**REDSTAR LIANG**  
Tel: +86 10 8588 6680



**China**

**ZHAO SHI FENG**  
Tel: +86 10 8588 6680



**Cyprus**

**ADONIS THEOCHARIDES**  
Tel: +357 22 670680



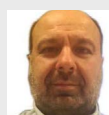
**Egypt**

**AMR RABEA**  
Tel: +202 26910072



**Germany**

**ACHIM SIEGMANN**  
Tel: +49 7132 968 58



**Greece**

**GEORGE ATHANASIOU**  
Tel: +0030 210 8325958



**India**

**HEMANT JOSHI**  
Tel: +91 22 4221 5362



**Indonesia**

**HERU PRASETYO**  
Tel: +6221 2305569



**Japan**

**HIROYUKI YAMADA**  
Tel: +81 3 3519 3970



**Macau**

**JACKSON CHAN**  
Tel: +853 2856 2288



**Madagascar**

**FENOSOA RAMAHALIARIVO**  
Tel: + 261 20 222 9753



**Mauritius**

**JAMES HO FONG**  
Tel: +230 210 8588



**Nepal**

**BISHNU PRASAD BHANDARI**  
Tel: +977 14433221



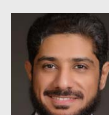
**New Zealand**

**GEOFF BOWKER**  
Tel: +649 522 5451



**Pakistan**

**ABDUL RAHIM LAKHANY**  
Tel: +92 21 35674741-4



**Saudi Arabia**

**RASHED AWAJI**  
Tel: +966 11 2290 444



**Singapore**

**VIVIANNE CHIANG**  
Tel: + 65 6603 9813



**Taiwan**

**KEN WU**  
Tel: +886 2 8772 6262



**Turkey**

**UGUR AKDOGAN**  
Tel: +90 533 457 03 47



**UAE**

**MAHAVIR HINGAR**  
Tel: + 971 4 355 9993

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