PRISM

Tax Newsletter

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Cyprus Startup Visa

The "Cyprus Startup Visa" allows talent entrepreneurs from third countries outside the European Union (EU) and outside the European Economic Area (EEA), individuals or a team to enter, reside and work in Cyprus in order to establish/operate/develop a startup with a high growth potential. The scheme's goal is the creation of new jobs, the promotion of innovation and research, the development of the business ecosystem and consequently, the economic development of the country. The introduction of the "Cyprus Startup Visa" is part of the Policy Statement on Strengthening the Entrepreneurial Ecosystem.

塞浦路斯创业签证

"塞浦路斯创业签证"允许来自欧盟和欧盟经济体以外，有能力的企业家、个人或团队前往塞浦路斯居住和工作，以创立、经营或发展具高增长潜力的创新企业。有关方案的目的是为了创造新的就业机会、推动创新和科研及发展商业生态系统，从而促进塞浦路斯的经济发展。"塞浦路斯创业签证"的落实是作为强化扶持创业生态系统的政策一部分。

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Greece

Charting Success: Greece's Economic Highlights in 2023 and Roadmap for 2024

In 2023, Greece demonstrated economic resilience, achieving a 2.4% growth despite European economic challenges. The success was fueled by structural reforms, significant European fund absorption, state digitization, and a notable embrace of green energy. Tourism thrived, contributing substantially to GDP, while renewable energy exceeded the 50% mark in meeting demand. A proactive government introduced a robust tax bill to combat evasion, anticipating an annual revenue boost of 3 billion. As the year concludes, Greece tops the Economist's list for economic performance, setting the stage for a promising 2024 focused on investments, sustainability, and continued growth.

筹划成功道路：2023 年希腊经济亮点和 2024 年路线图

2023年，尽管欧洲经济面临挑战，希腊的经济仍展现出韧性，实现了2.4%的增长。这一成功归因于结构性改革、巨额欧洲资金吸收、国家数字化以及对绿色能源的重视。旅游业发展蓬勃，大大促进国内生产总值。同时，可再生能源满足需求的比例突破了50%。政府在打击逃税问题方面表现积极，推出一项强而有力的税收法案，预计每年将额外增加30亿美元的收入。随着年底临近，希腊荣登《经济学人》评选的经济绩效排行榜榜首，迎接充满希望的2024年，重点于投资、可持续性发展及经济持续增长。

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Italy

Overview of Key Legislative Decrees Under Italy's Tax Delegation Law

Law no. 111/2023, known as the "Tax Delegation Law," has empowered the Italian government to undertake a comprehensive revision of the entire Italian tax system through the issuance of one or more legislative decrees.

As of now, several legislative decrees have been issued by the Italian government to implement the directives outlined in the Tax Delegation Law. These legislative decrees are currently under review by the commissions of the Chamber of Deputies before receiving their final approval. Below, we provide the draft legislative decrees that may be of interest to foreign investors.

意大利税务授权法主要法令概览

被称为"税收授权法"的第111/2023号法律，授权意大利政府通过颁布一项或多项立法法令，对整个意大利税收体系进行全面修订。

目前，意大利政府已经颁布多项立法法令，以执行"税收授权法"中概述的指令。这些法令目前正在由众议院委员会审查。以下我们将提供外国投资者或感兴趣的法案草案概述。

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Malaysia

Sales Tax On Low Value Goods (LVG)

On 3 November 2023, the Royal Malaysian Customs Department (RMCD) published a guide on sales tax on Low Value Goods (LVG) which indicates that the imposition of sales on LVG will be starting from 1 January 2024.

低价商品（LVG）销售税

马来西亚皇家关税局（RMCD）于2023年11月3日发布了低价商品（LVG）销售税指南，表明将从2024年1月1日开始征收低价商品销售税。

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Malta

Tax Benefits in Malta or use Malta to gain tax benefits in the International Corporate Structure

Malta's tax system, featuring full imputation and residency principles, ensures single taxation on corporate profits, with a remarkably low effective rate of 5%. Beyond tax benefits, Malta offers a robust infrastructure, legal stability, and EU connectivity. This makes it a strategic regional hub for multinational corporations. It is advised that foreign investors adopt a double-tier structure to leverage Malta's advantageous tax refund system. Notably, esteemed entities like BMW and Microsoft have chosen Malta for its tax efficiency, solidifying its standing as an ideal gateway to the European market and a premier jurisdiction for international business operations.

马耳他的税收优惠

马耳他的税收体系以全充抵和居民原则为特色，确保企业利润仅一次纳税，且维持有效税率极低至5%。除税收优惠外，马耳他拥有强大的基础设施、法律稳定性和与欧盟的联系，使其成为跨国企业战略性的区域枢纽。我们建议外国投资者采用双层结构，充分利用马耳他有利的税收返还制度。值得注意的是，像宝马和微软等知名企业之所以选择马耳他，是因为其税收效益，能巩固其作为通往欧洲市场的理想门户和国际业务运营的首选司法管辖地的地位。

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Pakistan

Tax on Windfall Income

The concept of windfall tax has been introduced through section 99D in the Income Tax Ordinance, 2001 in the Finance Act, 2023, by which tax has been imposed on unforeseen gain on foreign exchange arising from the external factor other than operating activities. The applicability of the said section on sectors will be specified by the Federal Government through the official gazette. Till now, Federal Government specify the banking sector in the official gazette on which the said section is applicable. The windfall tax will be imposed from the tax year 2023 and onward at the rate of 40% up to the maximum limit of 50% of windfall income.

征收暴利税

2023年《金融法》中的《2001年所得税条例》第99D条引入了暴利税的概念，对经营活动以外、由外部因素产生而且不可预见的外汇收益征税。上述条例的适用性将由联邦政府通过官方公报规范。目前，联邦政府在官方公报中规定银行业适用于该条例。暴利税将从2023纳税年度起实施并按40%的税率征收，最高限额为暴利收入的50%。

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Saudi Arabia

Tax incentives for 30 years to attract the regional headquarters of international companies

Regional headquarters in the Kingdom of Saudi Arabia: These are the headquarters of multinational companies established in accordance with the provisions of Saudi laws with the aim of providing support, management and strategic direction to their branches and subsidiaries in the Middle East and North Africa region. The Regional Headquarters Program is a joint initiative between the Ministry of Investment and the Royal Commission for the City of Riyadh that calls on international companies to move their regional headquarters to the Kingdom of Saudi Arabia.

为期30年的税收优惠政策 吸引国际企业设立地区总部

设于沙特阿拉伯的地区总部：跨国企业按沙特法律的规定而设立的总部，能为在中东和北非地区的分支机构和子公司提供支持、管理和战略指导。地区总部计划是投资部和利雅得市皇家委员会之间的联合倡议，鼓励国际企业将地区总部迁到沙特阿拉伯。

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Singapore

Taxing Gains from the Sale or Disposal of Foreign Assets

Following the updated guidance of the European Union (EU) Code of Conduct Group (COCG) in December 2022, Singapore's Ministry of Finance (MOF) has proposed to amend the Foreign-Sourced Income Exemption (FSIE) regime. The introduction of Section 10L of the Income Tax Act (ITA) 1947, which is enacted to take effect from 1 January 2024, will allow Singapore to tax gains from the sale or disposal of foreign assets that are received in Singapore by a relevant entity which does not have economic substance in Singapore.

对出售或处置外国资产所得征税

根据欧盟行为守则小组在2022年12月份已更新的指引，新加坡财政部提议修改境外收入豁免制度。《所得税法1947》第10L条将于2024年1月1日生效，新加坡将对无经济实质的实体收到的对外资产的出售或处置产生的收益征税。

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Thailand

Tax Benefits for Foreign Companies in Thailand

Currently, foreign companies are allowed to be incorporated in Thailand. However, the majority of foreign companies are unaware of its tax-related benefits. Such benefits include corporate income tax, personal income tax and other types of tax shield. Most of the tax benefits come from government promotion incentives for foreign direct investment (FDI). In addition, this article details various types of taxes imposed and how to declare such taxes, as well as a sample of the general principles of a double tax agreement and some salient points regarding transfer pricing.

外国企业在泰国享有的税收优惠

现时，外国企业获准在泰国设立公司，然而许多外国企业并未留意相关税务优惠措施。优惠措施包括企业所得税、个人所得税和其他类型的税盾。大部分税收优惠均为泰国政府对外国直接投资(FDI)的促进激励措施。此外，下文将详细介绍各种外国企业应缴纳的税项类型、如何申报各项税项、双重征税协议的一般原则示例以及有关转让定价的重点。

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Turkey

Incentives on the capital investment in Turkish companies by foreign investors

Within the scope of the Turkish tax legislation, there are certain incentives on the capital investment in the Turkish companies by foreign investors.

Taxpayers are allowed to follow the foreign exchange differences stemming from the capital amounts invested by their foreign shareholders in a special fund account under "Shareholder's Equity" in case these amounts are invested until the end of the accounting period following the period in which they start their business and spend these within the scope of an investment incentive certificate.

Moreover, capital investments in cash could benefit from a 75% deduction in case the capital is invested by foreign investors.

外国投资者对土耳其公司的资本投资的激励措施

在土耳其税收立法的范围内，有些激励措施专为外国投资者对土耳其公司的资本投资而设。

纳税人可以在"股东权益"下的特殊资金账户，追踪其外国股东投资的资本金额所产生的外汇差额，而这些资本须从公司开始运营到会计年度结束期间注入到公司，并把资本使用在投资激励证书的范围之内。

此外，若外国投资者以现金投资，有关税收可享受75%减免。

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Cyprus

Cyprus Startup Visa

The "Cyprus Startup Visa" allows talent entrepreneurs from third countries outside the European Union (EU) and outside the European Economic Area (EEA), individuals or a team to enter, reside and work in Cyprus in order to establish / operate / develop a Startup with a high growth potential. The scheme's goal is the creation of new jobs, the promotion of innovation and research, the development of the business ecosystem and consequently the economic development of the country. The introduction of the "Cyprus Startup Visa" is part of the Policy Statement on Strengthening the Entrepreneurial Ecosystem.

The Scheme is valid until May 2024 and up to 150 visas can be issued.

Beneficiaries of the Scheme are:

- Individual Startup Visa Scheme: eligible is a Non-EU country national who will act as the sole founder of an innovative Startup. An innovative Startup is defined as a venture that develops new innovations, creating a sustainable competitive in the future.
- Team Startup Visa Scheme: eligible is a Team of maximum 5 individuals consisting of Non-EU country nations. The Team should consist solely of the founders of an innovative Startup or of at least one founder and other senior executives.

  Additionally, more than 50% of the company's shares should be owned by one or more member(s) of the team applicants.

Benefits in case of approval:

- Right to economic activity and residence in the Republic of Cyprus for two years, with the possibility of renewal. After the end of the second year, a new application may be submitted to assess the success of the company. If the company is assessed as successful, applicants have the prospect of long-term residence in the Republic.
- For the Founder/s: Right to self-employment or paid employment in their registered company within the Republic.
- For the senior executives (Team Scheme): right to paid employment in a company that the founders of the company will register in the Republic.

  For the Founders and Senior Executives family members: right to residency and paid employment in the Republic, under the following conditions:

  o The right concerns only the Founders' and Senior Executives' spouse(s).

  o The right concerns direct but not free access to the labor market, i.e. for the issuance of a work permit, all national procedures for employment of a third country national will be followed depending on the employer (e.g. foreign interest company, Cypriot company, etc).

  o The right concerns only salaried and not independent work.
- Eligible to obtain a Certificate of Innovative Company.

Reference/ Citation

Deputy Ministry of Research, Innovation & Digital Policy

https://www.dmrid.gov.cy/dmrid/research.nsf/All/4B4F9A243165076DC2258664002981AB/$file/Practical%20Guide.pdf?OpenElement

Greece

Charting Success: Greece's Economic Highlights in 2023 and Roadmap for 2024

2023 stands as yet another year marked by economic growth, and the prevailing objective is to sustain this momentum into 2024. Despite challenges such as a slowdown in the European economy, elevated inflation rates, stringent fiscal and monetary policies, and an overarching climate of uncertainty, all indicators forecast a growth rate of 2.4% for the year. This marks the third consecutive year of positive growth for the Greek economy, underscoring the nation's attractiveness for investments.

Several key factors have contributed to this upward trajectory. Structural reforms, substantial absorption of European funds, the digitization of the state, and a noteworthy contribution from green energy to the electricity generation mix have played pivotal roles in driving economic expansion.

Tourism continues to be a significant contributor to the country's GDP. Figures for the January-October period reveal a notable increase compared to 2022, surpassing even the pre-pandemic milestone year of 2019. Arrivals at major airports have seen an 11.5% uptick from 2022 and a 12% increase compared to 2019. In terms of revenue, the growth has reached 15.2% compared to 2022 and 11.3% compared to 2019.

An essential aspect of both economic development and energy autonomy is the rise of green energy. In the first nine months of the year, renewable energy sources (RES) and hydroelectric power collectively surpassed the 50% mark in meeting demand, reaching 50.2%. Even excluding hydroelectric power, RES accounted for an impressive 42.7%, surpassing the previous high of 2022 by over 5 percentage points. As part of future initiatives, Greece aims to invest in energy storage projects and grid upgrades, enhancing the utilization of energy produced on islands by interconnecting them with the central grid.

The government's commitment to economic progress is evident in its recent introduction of a comprehensive tax bill targeting tax evasion. Measures include mandatory reporting of income and expenses through the MyData token, discontinuation of cooperation between fuel trading companies and smuggling offenders, a ban on using cash in real estate transactions, and the regulation of the short-term rental market. Additionally, a fairer system of taxing freelancers has been implemented. These interventions are expected to generate an additional 3 billion in revenue annually. Starting from the next fiscal year, the government plans to allocate 481 million to the public health sector, 255 million to education, and 100 million to support vulnerable households.

As 2023 draws to a close, Greece has received international acclaim from the prestigious Economist magazine, ranking at the top of the list of 35 countries with the best economic performance for the year. Holding an investment-grade status from various rating agencies, Greece concludes the year on a successful note, eagerly anticipating an even more promising 2024.

Reference/ Citation

https://www.cnn.gr/

https://www.capital.gr/

https://www.ot.gr/

https://www.amna.gr/

https://www.bbc.com/

Italy

Overview of Key Legislative Decrees Under Italy's Tax Delegation Law

1. Draft Legislative Decree on International Taxation

This decree introduces significant changes to the existing framework of international taxation, primarily by adopting the provisions outlined in the Global Minimum Tax Directive (Council Directive [EU] 2022/2523).

It addresses various aspects, including:

(i) Criteria for determining the tax residence of individuals and corporations, undergoing updates in response to international developments and conventions for the avoidance of double taxation.

(ii) Taxation regulations for foreign subsidiaries.

(iii) Current legislation on tax incentives, aligning them with EU guidelines on state aid.

(iv) A revised version of the preferential tax regime for employees or self-employed individuals transferring their tax residence to Italy, commonly known as the "lavoratori impatriati" regime.

2. Draft Legislative Decree on Income Taxes

This decree has broad implications, impacting almost all Payment Service Providers (PSPs) engaged in cross-border payments. It may also affect PSPs not physically based in Italy but providing payment services to payers located in Italy. Additionally, e-commerce platforms facilitating payments between sellers and buyers could be subject to these rules. Businesses should evaluate their role in providing payment services, the types of customers served, and potential reporting obligations for cross-border payments. The specific role played by a business in the payment chain is crucial and requires careful analysis.

3. Draft Legislative Decree on the Rationalization and Simplification of Tax Compliance Rules

This decree aims to promote cooperative and transparent interaction between taxpayers and tax authorities, encouraging spontaneous compliance. Key features include (i) simplification of income tax return, Italian regional business tax (IRAP) return, VAT return, and withholding agent's return, (ii) restructuring of the Synthetic Tax Reliability Indexes ("ISA"), and (iii) enhancement of digital services for taxpayers.

4. Draft Legislative Decree on the Tax Assessment Procedure

Coordinated with amendments to the Taxpayers' Statute, this decree seeks to boost taxpayer participation in the assessment procedure. Notable provisions include (i) the requirement for the act served on the taxpayer to include an invitation to the compromise procedure to initiate preemptive dialogue with tax authorities, and (ii) the option to accept and settle claims outlined in tax audit reports. The decree also addresses tax evasion and fraud by strengthening cooperation procedures between national and foreign tax authorities and revising rules on VAT representatives. It introduces a two-year preemptive agreement ("concordato preventivo") for SMEs and self-employed individuals, simplifying reporting obligations and promoting voluntary compliance based on a predetermined amount of taxes.

Reference/ Citation

Il Sole 24 Ore (Italian financial newspaper)

Malaysia

Sales Tax On Low Value Goods (LVG)

"Low Value Goods (LVG)" refers to all goods which are sold at a price not exceeding RM500 and are brought into Malaysia by land, sea or air excluding:

(i) cigarettes;

(ii) tobacco products;

(iii) intoxicating liquors;

(iv) smoking pipes (including pipe bowls);

(v) electronic cigarettes and similar personal electric vaporizing devices; and

(vi) preparation of a kind used for smoking through electronic cigarette and electric vaporizing device, in forms of liquid of gel, whether or not containing nicotine.

Sales tax on LVG shall be charged and levied at the rate of 10%. The sales tax is charged on the sale value of LVG not including any tax, duty, fee or other charges such as transportation, insurance or other costs.

Seller consists of:

(a) Local and Overseas Seller, who sells LVG on an online platform directly to consumers

(b) Local and Overseas online marketplace operators

Any seller with the total sale value of LVG brought into Malaysia by land, sea or air mode in 12 months exceeds RM500,000 is liable to be registered.

Registered seller will be assigned a taxable period for which he is required to account for tax in his return to be furnished to the Director General. The taxable period shall be a period of 3 months ending on the last day of any month of any calendar year.

Registered seller is required to pay the amount of sales tax due and payable not later than the last day of the month following after the end of taxable period.

The penalty is imposed on part or all of the amount of sales tax that remains unpaid after the last day the tax is due and payable. The penalty imposed is as follows:

Period of Late Payment	Rate of Penalty (%)
1 to 30 days from the first day after the payment deadline	10%
31 to 60 days from the first day after the payment deadline	Additional 15% (10% + 15% = 25%)
61 to 90 days from the first day after the payment deadline	Additional 15% (10% + 15% + 15% = 40%)

Reference/ Citation

Official Portal of Royal Malaysian Customs Department (RMCD)

https://mylvg.customs.gov.my/Legislation

Malta

Tax Benefits in Malta or use Malta to gain tax benefit in International Corporate Structure

Malta, leveraging its robust full imputation tax system, exemplifies an advantageous fiscal environment for corporations. Within this system, any income tax paid by a company becomes a credit fully accessible to the shareholder upon profit distribution. This strategic approach effectively mitigates the risk of double taxation on corporate profits, ensuring that income is taxed only once.

At the heart of Malta's tax regime lies the domiciliation and residency concept. The pivotal criterion for a company to be deemed resident in Malta hinges on the exercise of management and control within the Maltese jurisdiction. This residence-based model aligns with international standards and fosters a transparent and predictable tax framework.

In terms of the effective tax rate, Malta boasts a remarkably low rate of 5%, standing as the most favorable effective corporate tax rate not only in the European Union but also on a global scale. Despite a headline corporate tax rate of 35%, Malta distinguishes itself through a highly appealing tax refund system. This system substantially lowers the effective tax burden, rendering Malta an attractive destination for businesses seeking a competitive fiscal landscape.

The strategic appeal of Malta extends beyond tax considerations, encompassing a spectrum of non-tax benefits. The nation's well-developed infrastructure, favorable business climate, adherence to the rule of law, stable political environment, and connectivity to both the European Union and neighboring regional economies emerge as pivotal intangible assets. These factors collectively position Malta as a regional business hub and a gateway to the broader European market.

In the realm of practical tax planning, foreign investors are advised to adopt a double-tier structure for their business operations in Malta. This structure typically involves the establishment of a holding company and a trading company. Notably, this configuration allows tax refunds to be retained within the holding company, strategically avoiding additional taxation in the home country of the ultimate beneficiary owner.

For multinational corporations eyeing the European market, Malta emerges as a premier choice for establishing a corporate structure. Beyond its strategic geographical location, Malta stands as a European country within the Eurozone and Schengen Area, further enhancing its appeal. Notably, prominent multinational entities such as BMW and Microsoft have recognized the advantages of Malta, having strategically chosen to establish their corporate presence within this dynamic and tax-efficient jurisdiction.

In summary, Malta's tax framework, grounded in the principles of full imputation, residency, and strategic tax planning, positions the nation as a beacon for businesses seeking an optimal balance between fiscal advantages and operational efficiency. The confluence of a low effective tax rate, a sophisticated tax refund system, and a suite of non-tax benefits underscores Malta's status as an exemplary destination for corporations aiming to navigate the complexities of the European market and beyond.

Reference/ Citation

CHAPTER 123 Income tax Act

CHAPTER 372 Income Tax Management Act article 48

Pakistan

Tax on Windfall Income

A windfall tax is a type of tax imposed on unexpected, often large, financial gains or profits that are not a result of regular business activities. These gains are considered windfalls because they are unforeseen and arise from external factors rather than the company's usual operations. Windfall taxes are typically levied on specific industries or companies that experience sudden and significant increases in their profits due to external factors such as changes in commodity prices, regulatory changes, or other extraordinary events.

Through the Finance Act 2023, section 99D was inserted in the Income Tax Ordinance 2001 (the Ordinance). Section 99D of the Ordinance imposes an additional tax on companies operating in designated sectors. This additional tax cannot surpass 50% of the windfall income, profit, or gains derived from economic factors during any of the three years preceding the tax year 2023 and onward. The Federal Government through notification in the official gazette specify the method and criteria for determining the windfall income and gains.

Two separate formulas have been provided to compute windfall income for CY 2021 & CY 2022(I.e. corresponding to tax years 2022 and 2023 respectively). Windfall Income, profits, and gains for CY 2021 (TY *2022): = (FX gain for CY 2021 as disclosed in the Financial Statement - FX gain for CY 2015 to CY 2020) /6. Windfall Income, profits, and gains for CY 2022 (TY *2023): = (FX gain for CY 2022 as disclosed in the Financial Statement - FX gain for CY 2016 to CY 2021)/6.

If windfall income for CY 2021 is negative, the value of said windfall income shall be taken as zero, for the purpose of computation of Income for CY 2022. For the purpose of computation Income for CY 2021, where loss has been disclosed under the head of foreign exchange income in any calendar year, such amount of loss shall be excluded from the computation along with exclusion of number of year(s), as used in the denominator of above formula.

Reference/ Citation

https://download1.fbr.gov.pk/SROs/2023112216111349932S.R.O.1588.pdf

Saudi Arabia

Tax incentives for 30 years to attract the regional headquarters of international companies

On January 1, 2024, the deadline for moving the global regional headquarters and multinational companies to the capital, Riyadh, will come . Global and multinational companies are given the opportunity to open regional headquarters in Saudi Arabia, and the opportunity to compete for government projects in all its forms.

Saudi Arabia has been able, in light of its almost unstoppable achievements as a result of Vision 2030, to truly represent a gain for all those companies that bet on its presence by moving its regional center to Riyadh. Riyadh, which was recently announced as the winner of Expo 2030, representing a larger capital economy in the region, which produces more than 60% of the non-oil GDP in Saudi Arabia.

Riyadh also represents unlimited opportunities for profitable contracts and investments with amazing purchasing power. The initiative to attract regional headquarters aims to move 480 regional headquarters by 2030.

Facilities and support

The Ministry of Investment, in coordination with the Ministry of Finance and the Zakat, Tax and Customs Authority, announced the introduction of a new tax incentive package for a period of 30 years to support the program to attract regional headquarters of international companies. This is to encourage and facilitate the procedures for international companies to open their regional headquarters in the Kingdom of Saudi Arabia within the framework. The Saudi Program to Attract Regional Headquarters for international companies, which is a joint initiative between the Ministry of Investment and the Royal Commission for the City of Riyadh, and aims to make Saudi Arabia the first choice for these companies in the Middle East and North region of Africa, by offering them a range of benefits and distinguished support services.

This tax exemption package includes a zero percent rate for income tax on regional headquarters entities, and withholding tax for approved activities of regional headquarters.

Only multinational companies with regional headquarters in Saudi Arabia will be eligible for tenders and contracts offered by government agencies.

Flexible requirements

The Minister of Investment was quoted on more than one occasion as confirming that granting tax incentives to the regional headquarters of international companies in Saudi Arabia is an important incentive to make the Kingdom of Saudi Arabia a major center for those regional headquarters in the region, other than benefits such as flexible Saudization requirements and attracting competent talents.

The Kingdom looks forward to welcoming more international companies to participate in projects in all sectors, including mega projects, and major events, such as the Asian Winter Games in 2029 and the Expo in 2030.

Unique characteristics for investment in Saudi Arabia

Currently, according to the numbers and international certificates of the best global economic institutions, no one competes with the Kingdom of Saudi Arabia in what it achieves on a daily basis on the map of the global economy and politics, and at all levels, ahead of many countries in the G20, moving regional headquarters to the Kingdom of Saudi Arabia is beneficial to Global and multinational companies. It is an office that provides support, management, and strategic direction to that company's branches and subsidiaries in the Middle East and North Africa region.

Reference/ Citation

https://misa.gov.sa/ar/investment-license/

Singapore

Taxing Gains from the Sale or Disposal of Foreign Assets

FSIE Review by EU COCG

The EU COCG has conducted review on the FSIE regimes and identified several jurisdictions where their FSIE regimes failed to implement tax reforms committed in the EU's blacklist, and some jurisdictions which have not yet complied with international tax standards but made sufficient commitments to reform their tax policies in EU's grey list. Such periodic review is part of EU's initiative to combat harmful tax competition which also aims to address international tax avoidance risks. The Singapore's FSIE regime was found to be not harmful which cooperate with the EU with no pending commitments. Section 10L was introduced in line with the guidance issued by the EU COCG which requires FSIE regime to include capital gains as a category of income which should be subject to the economic substance requirements.

Scope of Section 10L

Singapore tax system is on territorial basis based on revenue versus capital concept. Under the territorial basis, Singapore-sourced income and foreign-sourced income remitted into Singapore which does not qualify for exemption will be subject to tax in Singapore. Only income which is revenue in nature is taxable whilst income that is considered as capital in nature is not taxable.

With the introduction of Section 10L, gains from the sale or disposal by a relevant entity of any foreign assets (i.e. any movable or immovable property situated outside Singapore at the time of such sale or disposal) that are received in Singapore from outside Singapore on or after 1 January 2024, are treated as income chargeable to tax.

A relevant entity is a member of a group of entities where at least one member of the group has a place of business outside Singapore. An entity is a member of a group of entities if its assets, liabilities, income, expenses and cash flows are included in consolidated financial statements prepared by the parent entity of the group. As such, domestic groups, unaffiliated or stand-alone companies in Singapore are not relevant.

If the gain from sale or disposal of a foreign asset is treated as income of an individual, the income is exempt from tax. Section 10L does not apply to financial institutions, entities whose income is exempt from tax or is taxed at a concessionary rate of tax and entities that are excluded entity in the basis period in which the sale or disposal occurred.

The following amounts of gains from sale or disposal of foreign assets are treated as received in Singapore from outside Singapore:

(a) Any amount that is remitted to, or transmitted or brought into Singapore,

(b) Any amount that is applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore, and

(c) Any amount that is applied to the purchase of any movable property which is brought into Singapore.

Where the sale or disposal of a foreign asset is at a price less than the open-market price, the Comptroller of Income Tax may treat the open market price as the amount of gains received. The entity will be able to deduct any expenditure incurred to acquire, create or improve the foreign asset or to sell or dispose the foreign asset when ascertaining the amount of gains.

In terms of documentation, an entity that sells or disposes of a foreign asset must keep and retain in safe custody for a period of 5 years after the year of assessment relating to the basis period of the gain.

Reference/ Citation

Income Tax (Amendment) Bill

https://www.mof.gov.sg/docs/default-source/default-document-library/news-and-publications/public-consultation/2023/ita2023/clause-1-to-53_income_tax_(amendment)_bill-(1-6-2023)f7c32ad1c8c64ba08f601a6360f5aec0.pdf?sfvrsn=250561b1_2

European Union Council Website

https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/#countries

Thailand

Tax Benefits for Foreign Companies in Thailand

After changing the government policies for foreign direct investment (FDI) as issuing the Foreign Business Act B.E. 2542 (1999), there are a lot of increasing benefits and incentives for foreigners and foreign companies especially tax benefits. This article has gathered fundamental knowledge about tax concerns together with the benefits, utilizations and awareness for sequential topics purposes.

How can the foreigner set up the major owned company in Thailand?

Since 1999, there have been the options for foreign to set up the major owned business. However, the Company limited form is recommended. In some cases, a Foreign Business License (FBL) is required for some foreign business activities or purposes. This is due to the law requires the permission for some businesses which are businesses-related to national safety or security, businesses having impacts on arts, culture, traditions, customs and folklore handicrafts or businesses having impacts on natural resources or the environment.

Related benefits for foreign company in Thailand

There are incentives and promotional privileges for foreign company in Thailand by applying the investment promotional form to the Board of Investment (BOI). BOI is formed under special purposes law which its responsibilities include the grant of incentives, benefit, and promotional schemes for foreign company in Thailand.

Such benefits and incentives (from 2023 – 2028 application period) are shown below and the significant benefits and incentives depending on the project, investment size and type of business.

Significant incentives and promotional schemes

1. New and used machines are allowed to be imported with imported tax exemptions.
2. Foreigner can work with live in Thailand with work permit and VISA under the incentive scheme.
3. Exemption of corporate tax and dividend for certain period from 3 – 13 years.
4. Additional Exemption 50% after the promotional period.
5. Exemption of import duty for the raw materials which are manufactured and re-exported within a certain period.
6. Double deduction of corporate income tax fortransportation and utilities.
7. Right to hold the properties and real estate in certain areas such as some promotional zones.

Special tax incentives under promotional scheme and double tax agreement

The special tax incentives under promotional schemes are sampled below.

1. Additional 200% deduction of corporate income tax as expenditures for training and human resources development
2. Additional deduction of corporate income tax as expenditures R&D up to 13 years etc.

How can a foreign company claim the tax or refund the tax ?

The claims for the incentives and privileges are normally included in the annual corporate tax filing form. It will be attached with the auditor's report and annual financial statements. The refund of corporate income tax will be claimed as corporate tax refund form.

Salient points for transfer pricing

Due to Thailand is the membership of OECD and related fair-trade organization, the market price will be investigated. Fundamentally, the declaration form must be annually submitted to the Revenue Department. Foreign company is subjected to be sure for the fair or market price.

Reference/ Citation

https://www.aseanbriefing.com/userfiles/resources-pdfs/Thailand/FDI/ASEAN_Thailand_Foreign%20Business%20Act%201999.pdf

https://www.boi.go.th/upload/content/BOI_A_Guide_EN.pdf

Turkey

Incentives on the capital investment in Turkish companies by foreign investors

Turkish tax system provides incentives to the capital investment in Turkish companies by the foreign investors, in order to attract foreign capital. Under the provisions of Corporate Income Tax Law, Turkish companies could benefit from these incentives on the capital amount spent within the scope of an investment incentive certificate, or on capital investments made in cash.

Taxpayers, which will make investments within the scope of an investment incentive certificate, are allowed to follow the foreign exchange differences in a special fund account under "Shareholders' Equity", without associating them with the income statement, in case these fx differences are arising from the capital investment in foreign currency which are spent on the investments stated in the investment incentive certificate. Only the capital invested until the end of the accounting period following the accounting period in which the taxpayers start their business could benefit from this incentive.

Under Corporate Income Tax Law, there is a special provision provides a deduction on the cash capital contributions. Based on the relevant article, the deduction is calculated over the cash capital injections registered to the trade registry within the accounting period from the date the capital is paid until the end of the accounting period, by multiplying the capital injection amount with latest commercial loans interest rate announced by the Central Bank within that accounting period. The deduction is calculated as 50% of this calculated amount. The deduction is applied as 75%, if the capital investment is made by foreign investors.

Türkiye provides these incentives to promote foreign direct investments. Also, instead of using loans as a source of financing, it is aimed to attract capital into the country and strengthen the financials of Turkish companies by eliminating foreign exchange losses and interest expenses stemming from loans.

Reference/ Citation

Turkish Tax Procedures Law, Article 280/A

Tax Procedure Law General Communiqué Serial Numbered 495

Corporate Income Tax Law, Article 10-1/ı

Law No. 7338 on Amendments to the Tax Procedural Law and Certain Laws

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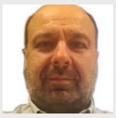

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