PRISM

Tax Newsletter

1st Quarter 2024

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Client-to-Agent Linking

Businesses ca n use the online services of the Australian Taxation Office (ATO) to nominate a tax agent.

These steps are for clients who need to nominate a tax agent or Business Activity Statements (BAS) agent or payroll service provider to represent the client.

Clients only need to do this when they:

- engage a new tax or BAS agent, or payroll service provider to represent the client
- provide extra authorisation to your existing authorised agent (for example, they start representing you for a new obligation, such as income tax or a new entity in your group.)

客户与税务代理人的联系

企业可以使用澳大利亚税务局(ATO)在线服务来指定税务代理人。

这些步骤适用于需要指定税务代理人或业务活动报表(BAS)代理人的客户或代表客户的薪资服务提供商。

客户只需在以下情况下执行此操作:

- 聘请新的税务或BAS代理或薪资服务提供商来代表客户
- 向现有的授权代理人提供额外授权(例如授权他们履行新任务，如处理所得税或集团的新实体。)

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Bangladesh

Changes in Income Tax Law of Bangladesh: Income Tax Return filing under the Self-Assessment scheme

The Bangladesh government has introduced the Income Tax Act 2023, replacing the Income Tax Ordinance 1984, to modernize and update the country's taxation system, effective from July 1, 2023. This Act mandates all taxpayers, including individuals, corporate bodies, and foreigners, to submit their income tax returns under the self-assessment scheme. Unlike the previous ordinance, which had two filing procedures, the new Act requires all taxpayers to file under the self-assessment procedure, simplifying the process and ensuring timely tax payment. The Act aims to expand the tax base, maximize revenue collection, and finance government expenditures. It introduces measures such as processing and auditing of self-assessment returns to detect errors, evasion, and avoidance. Additionally, it mandates proof of return submission for accessing government and non-government services. Overall, the Income Tax Act 2023 is poised to increase tax compliance, broaden the taxpayer base, and bolster revenue for the country's economic development.

孟加拉国所得税法的变化： 根据自我评估计划提交所得税申报表

孟加拉国政府推出《2023年所得税法》，法案于2023年7月1日起生效，取代《1984年所得税条例》，以实现国家税收制度的现代化和更新。有关法案要求所有纳税人，包括个人、法人机构和外国人员，根据自我评估计划提交所得税申报表。有别与之前的两次备案程序之条例，新法案要求所有纳税人按照自我评估程序进行备案，简化流程并确保及时纳税。该法案旨在扩大税基、最大化增加收入并资助政府支出。该法案引入了自我评估回报的处理和审核等措施，以发现错误及逃税情况。此外，该法案也要求提交申报证明，以获取政府和非政府服务。总体而言，2023 年所得税法旨在提高税收合规性，扩大纳税人基础，并增加国家收入以推动经济发展。

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Greece

The successful 2023 and the challenges of 2024

In the first quarter of 2024, Greece emerged as a beacon of economic resilience, defying earlier concerns and showing strong growth. Growth in 2023 appears to be close to 2.5%, while for the Eurozone it will not exceed 0.6%. A series of strategic reforms and disciplined fiscal policies contributed to the country's positive economic outlook and the recovery of the investment grade. Greece has a world first for 2023 which gives it a big boost in 2024 as well. From around 206% of GDP in 2020, Greek debt is expected to decline this year to around 160% of GDP and further by 9 percentage points in 2024.

2023年的成功及2024年的挑战

在2024年第一季度，希腊成为经济韧性的典范，不但摆脱早期的担忧，还展现出强劲的增长。2023年希腊的经济增长预期接近2.5%，而欧元区的增长预期则不超过0.6%。一系列策略性改革和严谨的财政政策带动国家的经济前景积极向好，并恢复投资等级。希腊在2023年的表现领先，为2024年带来巨大的推动力。希腊的债务比例在2020年占国内生产总值(GDP)约206%，预计今年将降至占GDP约160%，并在2024年进一步降至9%。

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Malaysia

Capital Gains Tax (CGT)

Capital Gains Tax (CGT) has arrived in Malaysia. The Finance (No. 2) Act 2023 was gazetted on 29 December 2023. A new Chapter 9 has been introduced in the Income Tax Act 1967 to impose a tax on gains or profits from the disposal of capital assets on or after 1 January 2024. Section 4 of the Income Tax Act 1967 is amended to include Section 4(aa) gains or profits from the disposal of capital assets.

资本利得税 (CGT)

资本利得税 (CGT) 已在马来西亚实施。《2023年金融(第2号) 法》于2023年12月29日在宪报颁布。《1967年所得税法》引入新的第9 章，对2024年1月1日或之后出售资本资产的收益或利润征税。1967年所得税法第4条经过修订，增加第4(aa) 条文，以纳入出售资本资产的收益或利润。

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Nigeria

Nigeria's 2024 Budget Analysis

The 2024 budget, titled "Budget for Renewed Hope", was presented to the National Assembly by President Bola Ahmed Tinubu, GCFR on November 29, 2023.

The budget represents a collective effort to address the complexity of the rapidly changing global landscape while addressing domestic challenges.

尼日利亚2024年预算案分析

2023年11月29日，总统博拉・艾哈迈德・蒂努布(GCFR)向国民议会提交2024年预算案，主题为"重燃希望的预算案"。

预算案鼓励各界共同努力，以应对全球格局快速变化而带来的复杂性，同时应对国内的挑战。

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Pakistan

E-invoicing for Fast Moving Consumer Good (FMCG) and Wholesale

According to the SRO-28(I)/2024, the following registered persons shall transmit the sales tax invoices electronically in terms of rule 150Q of its Notification No. 1525(1) /2023 dated the 10th day of November 2023, which is effective on February 1, 2024.

- All importers and manufacturers of fast-moving consumer goods,
- All wholesalers (including dealers), distributors of fast-moving consumer goods and
- All wholesaler-cum-retailers engaged in bulk import and supply of fast-moving consumer goods on a wholesale basis to the retailers.

Implications

Considering the new notices, manufacturers, importers, wholesalers, and distributors of fast-moving consumer goods will need to incorporate the Federal Board of Revenue (FBR)'s system for issuing electronic sales tax invoices.

为快速消费品和批发商开具电子发票

根据SRO-28(I)/2024，以下注册人员应根据2023年11月10日第1525(I)2023通知的第150Q规则以电子方式开具销售税发票，该通知于2024年2月1日生效。

- 所有快速消费品的进口商和制造商；
- 所有快速消费品的批发商（包括经销商）及分销商；
- 所有从事批量进口并向零售商批发快速消费品的批发商兼零售商。

影响

由于上述通告，快速消费品的制造商、进口商、批发商和分销商将需要纳入联邦税务委员会（FBR）的系统来开具电子销售税发票。

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Saudi Arabia

Bonded zones

The rules of bonded zones and customs regulations have been modified to benefit importers and exporters in logistics companies, by allowing them to deposit and store their goods without customs duties or taxes. This aims to increase financial liquidity and flexibility, facilitate the movement of goods, and promote trade activities.

保税区

保税区规则和海关条例更新，惠及物流企业中进口商和出口商，允许他们存放货物而无需缴纳关税或其他税费。此举目的是为了增加资金流动性和灵活性、便利货物流动，并促进贸易活动。

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Singapore

Tax Updates in YA 2024

1. In Year of Assessment (YA) 2024, businesses have the option to accelerate capital expenditure for plant and machinery and renovation or refurbishment.
2. The Voluntary Disclosure Programme (VDP) has been updated to clarify the qualifying conditions to enjoy reduced or waiver of penalty.
3. There is a newly added section on the Tax Governance Framework and Tax Risk Management and Control Framework.
4. For Country-by-Country Reporting (CbCR), Kenya and Montserrat were added into the list of jurisdictions that have exchange relationships with Singapore.
5. Singapore has joined other jurisdictions to commence automatic exchanges in crypto-assets reporting in 2027.

2024年的税务更新

1. 企业可选择加快厂房机器以及装修的资本支出。
2. 自愿披露计划(VDP)已阐明可获减轻或免除罚款的条件。
3. 税务监管和风险管理框架新增条文。
4. 就国别报告(CbCR)而言，肯尼亚和蒙特塞拉特新加至与新加坡有交流关系的税收管辖地名单。
5. 新加坡将在2027年与其他管辖地开始自动交换加密资产报告。

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Thailand

VAT Refund for Good Exporter

In the Value Added Tax (VAT) System, the amount of VAT submission comes from the difference of sales VAT and purchase VAT. In some cases, the sales VAT is lower than the purchase VAT. This means the Revenue Department will refund such difference in cash. The exporter will always ask for a refund of VAT due to the sales VAT is equal to zero. To get the refund without any investigation or less waiting time, the exporter should know the "good exporter practice". This article will show the qualification and some procedures to practice.

良好出口商的增值税退税

在增值税系统中，提交增值税的金额源自销售增值税和采购增值税的差额。在某些情况下，销售增值税会低于采购增值税，此情况下税务局将会以现金形式退还差额。由于销售增值税为零，出口商经常会要求退还增值税。为了在不进行任何调查或缩短等待时间的情况下获得退款，出口商应了解"良好出口商的做法"。本文将说明有关资格和做法程序。

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UAE

Tax Updates in the Emirates: Embracing the New Normal

The UAE's corporate tax regime continues to evolve, with recent updates impacting businesses operating within the Emirates. Notably, the definition of Qualifying Free Zone Persons (QFZPs) has been clarified, offering greater certainty for companies operating in these zones. Additionally, comprehensive transfer pricing regulations have been released, requiring businesses engaged in related party transactions to document pricing policies and adhere to arm's length principles. These developments, alongside ongoing clarifications on exemptions and compliance procedures, underscore the importance of staying informed and adapting to the dynamic UAE tax environment.

阿联酋税务更新：迎接新常态

阿联酋的企业税制不断发展，最近推出的更新正影响在阿联酋境内运营的企业。值得注意的是，合格自由区人士（QFZP）的定义已澄清，为在自由区内运营的公司增添确定性。此外，全面的转让定价法规已发布，要求从事关联方交易的企业记录定价政策并遵守独立交易原则。这些进展以及持续澄清豁免和合规程序，突显保持了解并适应阿联酋的动态税务环境之重要性。

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UK

Upcoming changes to tax-free income and UK reporting requirements for trusts, estates, and beneficiaries

Incoming simplification measures from 6 April 2024 will impact low-income trusts and estates that are UK resident or have UK income.

Trusts and estates will no longer need to report or pay tax on income within a new de minimis limit of up to £500 per tax year. This replaces an existing exemption on low-level savings income.

The Standard Rate Band of up to £1,000 for discretionary trusts will be removed. Non-resident trusts where their only UK income was dividends within this band will now have to report and pay tax on this if it exceeds the new £500 limit.

免税收入即将发生的变化以及英国对信托、遗产和受益人的报告要求

2024年4月6日起即将实施的简化措施将影响英国居民或在英国取得收入的低收入信托和遗产。

在每个纳税年度最高500英镑的新最低限额内，信托和遗产将不再需要申报或缴纳收入税，取代低水平储蓄收入的现有豁免。

自由裁量信托最高1,000英镑的标准费率区间将被移除，如非居民信托的股息是在这一区间并且是非居民在英国的唯一收入，当超过最新的500英镑限额时，便需要申报并缴纳税收。

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Australia

Client-to-Agent Linking

Overview of linking process

The Australian Taxation Office (ATO) are further strengthening the security of the ATO online services to help protect Tax Agents and the Tax Agents clients against fraud and identity-related theft.

From 13 November 2023, all types of entities with an Australian Business Number (ABN) excluding sole traders will need to nominate Tax Agents as their agent before Tax Agents can add their clients to the Tax Agents client list. Clients will need to use the new agent nomination feature in Online services for business when they engage a new tax or BAS agent or payroll service provider to represent them, or provide extra authorisation to Tax Agents.

Existing client links are not affected. Tax Agents do not need to do anything if the client does not change their existing arrangements.

About client-to-agent linking step:

Businesses can use our online services to nominate an agent. These steps are for clients who need to nominate an agent.

1. Set up your myGovID Important Your myGovID is unique to you, using your personal information – you cannot share it with others.
2. If you already have a myGovID
3. Link your myGovID to your Australian Business Number (ABN) in Relationship Authorisation Manager (RAM)
4. If you have a Strong myGovID identity strength and your name is listed in the Australian Business Register you can link your ABN online by logging in to RAM, selecting link my business and following the prompts.
5. Log in to Online Services for business
6. Nominate your agent in Online services for business
7. Important You will need your agent's registered agent number (RAN) for this step. Ensure your agent has provided this to you.
8. Tell your agent you've nominated them
9. Your agent will not receive an automated notification that you've nominated them, so it's important to let them know when you've completed this step.

Reference/ Citation

Australian Taxation Office

https://www.ato.gov.au/tax-and-super-professionals/digital-services/in-detail/client-agent-linking-steps

Bangladesh

Changes in Income Tax Law of Bangladesh Income Tax Return filing under Self-Assessment scheme

Bangladesh government has enacted Income Tax Act 2023 to replace the Income Tax Ordinance 1984 to meet the growing needs of the country and the people to modernize and update the taxation system in the country. The new Act has become effective from 1st July 2023.

The Income Tax Act has brought in a major change in submission of income tax return by all taxpayers under self-assessment scheme with a view to expanding tax-base and maximize tax revenue collection to finance government expenditures. The new scheme has been made mandatory for all the tax payers such as individuals, corporate bodies and foreigners. It also provides filing of tax return for those who enjoy tax relief in various sectors of the economy in the form of tax holiday, tax exemption, reduced rate of tax.

In the previous Ordinance there were two procedures for filing income tax return. One is filing of return under normal procedure and the other one was filing of return under universal self-assessment procedure. The Ordinance provided that no universal self-assessment return can be filed after the Tax Day. Under universal self-assessment procedure taxpayers were to pay tax payable on income shown in the tax return; but tax payment was not compulsory with the return under normal procedure. So, after the Tax Day the taxpayers had to submit tax return under normal procedure causing assessment of income and realization of tax complicated and delayed.

But in the new Act return filing has been made mandatory for the taxpayers under Self-Assessment procedure only. The present Act allows any tax payer to file income tax return within the Tax Day and even after the Tax Day under self-assessment procedure. Under this provision taxpayers are to pay total tax payable as per income disclosed in the return.

Under self-assessment procedure tax revenue collection will increase as there is no scope to avoid tax payment by the tax payers. The act also provides processing of self-assessment return to detect incorrect claims in the light of any information contained in the return. Under the return processing the taxpayers are given the opportunity to file amended return rectifying the mistakes in the original tax return.

Further, the Act provides auditing of self-assessment return to detect tax evasion and tax avoidance under the guidance of National Board of Revenue (NBR), the apex body for income tax revenue collection for the government exchequer.

The Act provides a separate section of law for submission of proof of filing return for certain services. If the proof of submission of return for the latest assessment year is no submitted then the taxpayers will not get any service from any government, non-government organizations and professional bodies.

The Income Tax Act will bring more and more eligible persons under tax net and increase in number of taxpayers will result increase of tax revenue to meet government expenditures for the benefit of the people and for economic development of the country.

Reference/ Citation

Income Tax Act 2023

Greece

The Successful 2023 and The Challenges of 2024

In the first quarter of 2024, Greece emerged as a beacon of economic resilience, defying earlier concerns and showing strong growth. Growth in 2023 appears to be close to 2.5%, while for the Eurozone it will not exceed 0.6%. A series of strategic reforms and disciplined fiscal policies contributed to the country's positive economic outlook and the recovery of the investment grade. Greece has a world first for 2023 which gives it a big boost in 2024 as well. From around 206% of GDP in 2020, Greek debt is expected to decline this year to around 160% of GDP and further by 9 percentage points in 2024.

Expectations for 2024 are subdued, with the European Central Bank predicting in December only slightly higher growth in the Eurozone than in 2023 (0.8% vs. 0.6%). On the other hand, for Greece, the forecast for growth is 2-2.5%. For inflation, the estimate is that it will move to 2.6% and is mainly due to the reduction in food and energy prices. The prospect of interest rate cuts by the Federal Reserve (FED) and the European Central Bank (ECB) is now visible after 2 years of consecutive increases. This is expected to support incomes and consumption, with unemployment expected to remain low, but this will happen gradually and probably from the second half of the new year.

The new year is marked by the implementation of the new tax bill that was enacted at the beginning of December 2023. The new law is a series of regulations that affect all citizens and businesses, emphasizing especially high incomes and where there are large tax evasion hotspots.

An important pillar of the new bill is the new taxation system for freelancers. The new self-employed tax system takes the minimum wage as a benchmark, considering that a self-employed person cannot earn less than an employee. In other words, the amounts they will now have to declare as income cannot fall short of 10,920 euros/year. Thus, it is predicted that in a moderate way the taxation of the self-employed will increase from 0.8% of GDP today to 1.1% (the European average is 2.2%).

The new bill also introduces new rules on short-term rental properties, incentivizes businesses to implement electronic invoicing, aims to reduce cash transactions to crack down on tax evasion and introduces draconian measures on fuel smuggling.

The measures mentioned above are expected in the medium term to bring additional revenues to the state of €3 billion every year.

Tourism and investments are expected to be key to the economy for another year. The Ministry of National Economy and Finance has set an ambitious target for investment costs of 12.17 billion euros in 2024. The first messages for 2024 from the tourism market are also recorded positively, with airlines and tour operators continuing to include our country in the planning of 2024.

Reference/ Citation

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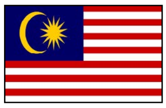
Malaysia



Capital Gains Tax (CGT)

Prior to 1 January 2024, Malaysia imposes Real Property Gains Tax governed under Real Property Gains Tax Act 1976 on gains from the disposal of real property situated in Malaysia or shares in a Real Property Company.

Effective from 1 January 2024, company, limited liability partnership, trust body or co-operative society are subject to CGT under the new CGT regime. Individuals would continue to be subject to Real Property Gains Tax under the Real Property Gains Tax Act 1976 for disposal of real property or shares in real property company.

CGT is imposed at 10% of chargeable income or 2% of gross disposal price for capital asset acquired before 1 January 2024; CGT is imposed at 10% of chargeable income for capital asset acquired on or after 1 January

2024. CGT is applicable to the disposal of the following capital asset consisting of:

i) Share of a company incorporated in Malaysia not listed on the stock exchange

ii) Share of a controlled company incorporated outside Malaysia which owns real property situated in Malaysia or shares of another controlled company or both

The Income Tax (Exemption) (No. 7) Order 2023 provided exemption for disposal of shares made on or after 1 January 2024 to 29 February 2024. The exemption does not apply to gains or profits considered business income under Section 4(a) of the Income Tax Act 1967.

The imposition of CGT includes gain from the disposal of all types of capital assets situated outside Malaysia received in Malaysia. Effective from 1 January 2024, gains from the disposal of foreign capital assets is an income under paragraph 4(aa) of the Income Tax Act 1967, subject to prevailing tax rate.

"Capital asset" means movable or immovable property including any rights or interest thereof. Examples of foreign capital assets situated outside Malaysia are as follows:

- Immovable property that are physically situated outside Malaysia such as buildings and land
- Movable property that are physically situated outside Malaysia such as machinery, vehicle, fixtures, fitting, painting and plant
- Intellectual property rights situated outside Malaysia owned by the owner or licensee of the right who is a resident in Malaysia such as copyright, patent, research and development, computer software and trademark
- Shares issued by a company incorporated outside Malaysia that are not subject to any provisions under the Income Tax Act 1967

"Received in Malaysia" means transferred or brought into Malaysia whether in the form of cash or through electronic funds transfer; or both.

Expenses wholly and exclusively incurred for the acquisition and disposal of capital assets such as legal fees, appraiser fees, advertising, and expenses to increase or maintain capital value, can be allowed in determining the gains from the disposal of foreign capital assets chargeable to tax.

Bilateral or unilateral tax credit can be claimed when gains from the disposal of foreign capital assets received in Malaysia are chargeable to tax outside Malaysia.

Gains from the disposal of foreign capital assets received in Malaysia are eligible for tax exemption from 1 January 2024 to 31 December 2026 if comply with the economic substance requirement as follows:

- Employ adequate number of employees with necessary qualifications to carry out the specified economic activities in Malaysia; and
- Incur adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia.

Reference/ Citation

Official Portal of Inland Revenue Board of Malaysia www.hasil.gov.my

Nigeria

Nigeria's 2024 Budget Analysis

The 2024 budget, titled "Budget for Renewed Hope" was presented to the National Assembly by President Bola Ahmed Tinubu, GCFR on November 29, 2023.

The budget represents a collective effort to address the complexity of the rapidly changing global landscape while addressing domestic challenges.

The Nigerian government's fiscal revenue forecast for 2024 is ambitious, with an estimated revenue of 18.32 Trillion Naira. The government expects more revenue from government-owned enterprises and other sources, reflecting its optimism about revenue generation.

However, historical data and expectations present a challenging backdrop. In the past, the government has struggled to meet revenue targets, with significant shortfalls compared to budget figures. For instance, in 2021, actual revenue stood at 4.64 Trillion Naira, a 41% decline from the budget of 7.89 Trillion Naira. Similarly, in 2020, revenue stood at 3.4 Trillion Naira, in stark contrast to the expected 8.15 Trillion Naira.

The Nigerian government's proposed expenditure for the 2024 financial year is 27.5 Trillion Naira, 19% higher than the 2023 budget. The budget allocates significant funds to various sectors, including education, healthcare, infrastructure and defense.

The allocations to education are below UNESCO's recommendations for developing countries, indicating the potential need for additional investment in this sector.

The 2024 budget is expected to have a significant economic impact on several key indicators such as GDP growth, inflation and unemployment. However, concerns remain about the realism of the budget projections and their potential impact on the economy.

GDP Growth: The budget projects an economic growth rate of at least 3.76% for the year, thanks to higher oil production and tax collections. However, doubts remain about the ability to achieve this growth target.

Inflation: The budget aims to ease the cost-of-living crisis, but the removal of fuel subsidies and the possibility of higher petrol prices could put pressure on inflation. The government's revenue expectations are also considered ambitious and there are concerns about the potential impact on inflation if these targets are not met.

Unemployment: The budget includes measures to combat unemployment through priority spending in the areas of security, infrastructure and job creation.

Based on the analysis of Nigeria's 2024 budget, the following are our recommendations:

Increase Public Participation: Government should actively engage citizens in the budget process, seek their input and feedback. This can be achieved through town hall meetings, community consultations and the use of digital platforms to gather public suggestions and concerns.

Tax Reform: The government should consider tax reform to improve revenue collection and management. This could include measures to improve tax compliance, reduce corruption in revenue collection and explore innovative revenue sources to reduce dependence on oil revenues.

In conclusion, the 2024 budget reflects the Nigerian government's commitment to addressing key development priorities in the areas of infrastructure, health, education, poverty alleviation, and defense. However, the budget also highlights the need for sustained efforts to overcome implementation challenges and ensure that the allocated funds effectively contribute to the country's development goals.

Reference/ Citation

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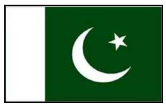
Pakistan



E-invoicing for Fast Moving Consumer Good (FMCG) and Wholesale

The FBR is all set to adopt the system of E-Invoicing for Fast Moving Consumer Goods (FMCGs) to digitize their sales tax invoices through a dedicated system. According to FBR's notification 1525(I)/2023, this measure falls under rule 150Q of Chapter XIV of the Sales Tax Rules 2006.

The purpose of E-Invoicing is to meet the shortfall of revenue tax and help with tax collection as well as digitization of the economy. In this regard, FBR has issued a technical document to guide Supply Chain Operators (SCOs) on the digital invoice data-sharing process.

The directive, set to take effect on February 1, 2024, applies to importers, manufacturers, wholesalers, dealers, distributors, and wholesaler-cum-retailers involved in the FMCG sector.

This document outlines the requirements for adapting IT systems to generate and share sale and purchase invoices through a designated Application Programming Interface (API), ensuring data capture for sales, purchase invoices, debit notes, and credit notes. Registration for this system will be conducted via the E-FBR portal, where SCOs are required to submit the necessary data.

Upon successful data submission, the FBR will issue a Point of Sale (POS) registration number, which will be essential for compiling invoices in the prescribed format. The regulation stipulates that all registered entities must electronically transmit sales tax invoices. However, the FBR has provisioned for application for extension in compliance time to be submitted to the Commissioner of Inland Revenue, should there be a plausible cause. This move is part of FBR's broader efforts to digitize tax collection processes, aiming to ensure a more streamlined, efficient, and transparent system that caters to the dynamic demands of the FMCG sector, excluding durable goods from its ambit. FMCG products are classified in the Third Schedule to the Sales Tax Act (such as juices, aerated beverages, soaps, tea). This initiative would be effective in preventing tax avoidance and broadening the tax base.

Reference/ Citation

https://download1.fbr.gov.pk/SROs/2023111015115239175SRO1525-2023.pdf

Saudi Arabia

Bonded zones

The rules of Bonded zones and customs regulations have been modified to benefit importers and exporters in logistics companies, by allowing them to deposit and store their goods without customs duties or taxes. This aims to increase financial liquidity, flexibility, facilitate the movement of goods, and promote trade activities.

Deposit Areas: These are areas where goods are deposited, pending payment of customs duties and taxes. They include one or more warehouses where the activities specified in these rules are carried out, depending on the type of the area. Bonded zones are managed by the operator under the supervision and control of the customs authority.

The application scope of these areas is subject to the requirements and approvals of the authority. If the deposit area is located within or outside the customs zone, it must be approved by the governor of the authority.

After selecting the facility for deposit areas, the facility must obtain licenses according to its activities. Each license permits certain activities:

- Deposit License: Allows storage and handling activities in addition to value-added operations.
- Specialized Deposit Area License: Allows various activities in addition to those allowed by the deposit license, such as e-commerce, maintenance, mixing, and simple assembly operations.
- Storage Deposit Area License: Allows storage of liquid petroleum and petrochemical derivatives, bulk products, mixing, and blending activities. It also allows the activities permitted by the deposit license.
- Temporary Deposit Area License: It is valid for a period not exceeding 6 months, and the licensee is permitted to extend it or convert it into a permanent license. It allows all operations carried out in Bonded zones as determined by the authority.

The license is issued in the name of the facility and is valid for a period of ten years. If the facility wishes to renew the license, it must do so at least ninety days before the expiry of the current license, and the facility is not required to pay any financial dues to the authority. The validity of the license is limited to approved locations by the authority, and after obtaining the licenses, the operator must comply with all the requirements and specifications of the authority.

The licensee can transfer the license, subject to the approval of the authority. The transferred license must be valid for at least six months, and the transferee must comply with the necessary criteria, requirements, and settle all previous financial dues or penalties before the transfer.

The authority has the right to cancel the license in several situations, such as canceling the commercial registration of the licensee or liquidating the company, if the license is transferred without the approval of the authority. The authority can also cancel the license if it is proven that the licensee has committed any violations related to integrity, acceptance of bribes, fraud, or forgery.

Employees, loyal customs visitors, government officials, and vehicles can enter the Bonded zones if they are allowed by the authority. They must cooperate with the procedures of the authority to facilitate their entry.

All goods are allowed unless the authority imposes restrictions or a ban on them. Prohibited goods are strictly prohibited from being present in deposit areas, such as goods imported from countries not allowed for import, narcotics and psychotropic substances, goods associated with intellectual property protection, or any goods prohibited under the provisions. Damaged and spoiled goods, goods subject to restrictions on possession or storage, cannot be removed from the Bonded zones or consumed without the approval of the relevant authorities, such as weapons, ammunition, any explosive materials, medical supplies subject to clearance requirements, radioactive and flammable materials, and hazardous chemicals.

Goods can be transported within the suspended fee areas or even transferred from one warehouse to another within the suspended areas without being subject to customs duties.

Reference/ Citation

https://zatca.gov.sa/ar/Pages/default.aspx

Singapore

Tax Updates in YA 2024

1a. Provide an option to accelerate the write-off of the cost of acquiring Plant and Machinery (P&M)

Businesses that incur capital expenditure on the acquisition of P&M in the basis period for YA 2024 (i.e. financial year ended in 2023) will have an option to accelerate the write-off of the cost of acquiring such P&M over two years instead of the current 3 years period. This option, if exercised, is irrevocable.

The rates of accelerated CA allowed are as follows:

(a) 75% of the cost incurred to be written off in the first year (i.e. YA 2024); and

(b) 25% of the cost incurred to be written-off in the second year (i.e. YA 2025).

1b. Provide an option to accelerate the deduction for Renovation or Refurbishment (R&R) expenditure

Businesses that incur qualifying expenditure on R&R during the basis period for YA 2024 (i.e. financial year ending in 2023) will have an option to claim R&R deduction in one YA (i.e. accelerated R&R deduction). The cap of $300,000 for every relevant period of three consecutive YAs will still apply. This option, if exercised, is irrevocable.

2. Voluntary Disclosure Programme (VDP) Updates

The Inland Revenue Authority of Singapore (IRAS) has updated e-Tax Guide to clarify the qualifying conditions which are pre-requisites to enjoy reduced or waiver of penalty, and to present the voluntary compliance initiatives applicable to each type of tax. The voluntary compliance initiatives will enable taxpayers to enjoy an extended grace period or waiver of penalties for voluntarily disclosure of errors.

3. Tax Governance Framework (TGF) and Tax Risk Management and Control Framework for Corporate Income Tax (CTRM) under VDP

The newly added section on Tax Governance Framework (TGF) and Tax Risk Management and Control Framework for Corporate Income Tax (CTRM) provided details on extended grace period and some examples of relevant companies in the respective sectors.

4. Updates on CbCR

Singapore signed the Multilateral Competent Authority Agreement (MCAA) on the exchange of Country-by-Country (CbC) Reports on 21 June 2017. With this, Singapore-headquartered multinational enterprise (MNE) groups that meet the requirements will need to file CbC Reports to the Inland Revenue Authority of Singapore (IRAS) within 12 months from the end of their financial year. The CbC Reports will be provided to the tax authorities of jurisdictions with which Singapore has established bilateral Automatic Exchange of Information (AEOI) relationships under the MCAA. Such CbC Report may be used by different tax jurisdictions to evaluate transfer pricing risks and other Base Erosion and Profit Shifting (BEPS) related risks. In the latest update on 19 January 2024, Kenya and Montserrat were added into the list of jurisdictions that have exchange relationships with Singapore, making up a total of 91 jurisdictions as off January 2024.

5. Automatic Exchanges in Crypto-Assets Reporting

Singapore joins 47 other jurisdictions to work towards commencing automatic exchanges in crypto-assets reporting based on the internationally agreed Crypto-Asset Reporting Framework (CARF) in 2027 and abides by the international standards for Exchange of Information for tax transparency.

Reference/ Citation

Inland Revenue Authority of Singapore

https://www.iras.gov.sg/

Thailand

VAT Refund for Good Exporter

In the VAT (Value Added Tax) System, the amount of VAT submission comes from the difference of sales VAT and purchase VAT. In some cases, the sales VAT is lower than purchase VAT. This means the Revenue Department will refund such difference in cash. The exporter will always ask for a refund of VAT due to the sales VAT is equal to zero. To get the refund without any investigation or less waiting time, the exporter should know the "Good Exporter practice". There are 2 major types of good exporters.

1. General Exporter

1. Must be a limited company or public company who is VAT registered.
2. Must have paid-up capital more than 10 million Baht up.
3. Must have ratio of goods exported abroad not less than 70% of total sales in the last 12 months prior to submitting the Good Exporter Application Form and have proof of bringing foreign currency into Thailand or a proof that shows the transaction has been set-off.

4. Must have stability and continuity in operations and have ownership rights in immovable property e.g. land, building, factory, and etc.
5. Must have net assets exceed net debt for the last accounting period prior to submitting the Good Exporter Application Form.
6. Must have good tax history, have paid taxes according to the real business situation, and have never avoid paying taxes.
7. Must be a member of commercial association (s) or private organization (s) e.g. Federation of Thai Industries, Thai Chamber of Commerce and etc. and such association (s) or organization (s) can verify the credibility and reliability of the company's financial status.

2. Exporter with Customs Department's Gold Card

1. Must be a limited company or public company who is a VAT registered and an exporter with Customs Department's Gold Card.
2. Must have ratio of goods exported abroad from 50% of total sales in the last 12 months prior to submitting the Good Exporter Application Form and have proof of bringing foreign currency into Thailand or a proof that shows the transaction has been set-off.
3. Must have the same qualifications as (4) - (7) in "General Exporter

In case that Revenue Department refunds the cash, it will be deposited into the stated bank account. To prove the transactions, the exporter must appoint auditor to audit and issue report for every period. This method will help the exporter to get the cash refund in a very short time and less effort to comparing to almost a year for normal practice of tax refund. Earlier refund can ease the cash flow of business.

Reference/ Citation

https://www.rd.go.th/english/16403.html

UAE

Tax Updates in the Emirates: Embracing the New Normal

The sun-drenched sands of the United Arab Emirates are shifting once again, this time not just with the desert winds, but with the evolving tax landscape. Since the introduction of corporate tax on June 1, 2023, a flurry of updates and clarifications have emerged, impacting both corporate tax and value-added tax (VAT). For businesses operating in the Emirates, staying abreast of these changes is crucial to ensuring smooth compliance and optimizing tax liabilities.

Free Zone Oasis Expands: One of the most significant developments for 2024 is the expansion of the Qualifying Free Zone Persons (QFZP) definition. Previously, only companies undertaking transactions with other free zone persons or conducting a set of 13 activities were eligible for QFZP status. Now, the revised definition encompasses a wider range of entities including those trading qualifying commodities dealing in qualifying immovable property. This expansion grants more businesses access to the streamlined tax framework, fostering a more competitive and attractive environment for foreign investment.

Transfer Pricing Takes Center Stage: The Federal Tax Authority (FTA) has introduced comprehensive transfer pricing regulations, adding a layer of complexity to transactions between related entities within the same corporate group. These regulations require companies to meticulously document their transfer pricing policies, ensuring prices set for internal goods, services, and financing reflect comparable independent market transactions. This focus on arm's length principles aims to prevent artificial profit shifting and ensure fair tax allocation within multinational groups.

VAT: Keeping it Simple: While corporate tax dominates the headlines, VAT updates continue to shape the overall tax environment. Notably, the FTA has now made, the calculation of VAT under the Reverse Charge Mechanism, applicable to Electronic Devices and parts thereof. This brings a huge relief to the traders (especially the wholesalers) of Electronic Devices as now they need not inject their capital for VAT payments.

Exemptions and Beyond: Beyond QFZPs and transfer pricing, the FTA continues to issue clarifications on various exemptions and compliance procedures. For example, recent guidance specifies the documentation required for claiming the AED 3 million threshold exemption for small businesses, simplifying the process for qualifying entities. Additionally, ongoing updates on tax return filing deadlines and record-keeping requirements emphasize the importance of staying informed and proactive.

Navigating the Future: As the UAE tax landscape continues to evolve, adapting your strategy becomes paramount. Businesses should consider collaborating with qualified tax advisors who can navigate the intricacies of the regulations and tailor customized solutions. By staying informed, embracing proactive compliance, and seeking professional guidance, companies can navigate the shifting tax sands and unlock the full potential of the UAE's vibrant business environment.

In conclusion, the UAE's recent tax updates offer both challenges and opportunities. While navigating the complexities of transfer pricing and expanding VAT regulations requires careful attention, the expanding QFZP definition and ongoing clarifications from the FTA provide a path for smooth compliance and optimized tax burdens. By embracing adaptability and seeking professional guidance, businesses can turn the evolving tax landscape into a springboard for growth and success in the heart of the Emirates.

Reference/ Citation

1. Cabinet Decision No. 100 of 2023 on Determining Qualifying Income for the Qualifying Free Zone Person for the purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses.
2. Ministerial Decision No. (265) of 2023

   Regarding Qualifying Activities and Excluded Activities for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses
3. Cabinet Decision No 74 of 2023 On Executive Regulations of Federal Decree-Law No. 28 of 2022 Tax Procedures Law
4. Cabinet Decision No. 75 of 2023 on the Administrative Penalties on Violations Related to the Application of the Corporate Tax Law
5. Ministerial Decision No. 134 of 2023 on the General Rules for Determining Taxable Income for Corporate Tax Purposes
6. FTA guide on tax groups issued 08 January 2024
7. FTA guide on registration of natural persons issued 29 December 2023
8. FTA guide on Accounting Standards and Interaction with Corporate Tax - CTGACS1 issued 16 November 2023
9. FTA guide on Transfer Pricing - CTGTP1 issued 06 November 2023
10. Cabinet Decision No. 91 of 2023 on Application of the Reverse Charge Mechanism on Electronic Devices among Registrants in the State for the purposes of Value Added Tax

UK

Upcoming changes to tax-free income and UK reporting reauirements for trusts, estates, and beneficiaries

From 6 April 2024, trusts and estates will no longer report or pay tax on income up to £500 per tax year. This is an all-or-nothing limit (i.e. it will not apply where income exceeds £500). Also, both the previous reporting exemption where there was only savings interest with tax not exceeding £100 and the Standard Rate Band of up to £1,000 (for discretionary and accumulation trusts) will simultaneously be removed.

Trust Changes

These simplification measures will mean trustees of low-income trusts should consider annually monitoring whether a trust should report to HMRC. Trustees being brought into reporting requirements by the below measures should seek advice promptly.

<u>£500 de minimis limit:</u>

Trusts will not pay tax on income up to £500 (minimum of £100 where settlor settled multiple discretionary trusts). HMRC's R185 form will be amended in respect of income within this de minimis limit being distributed to IIP and settlor-interested trust beneficiaries.

For trusts liable to trust rates with income within this de minimis limit, nothing will enter the tax pool on this income, but beneficiaries will continue to be entitled to a 45% tax credit on all distributed income and so trustees will need to pay to cover tax when this income is distributed.

Having income within this de minimis limit would not cause trusts registered with the Trust Registration Service as non-taxable to need to register as taxable.

Trustees currently staying outside of reporting requirements by having only savings interest income that would not be subject to tax exceeding £100 could now consider not restricting the trust to interest income.

<u>Standard Rate Band Removal:</u>

The £1,000 Standard Rate Band (minimum of £200 where settlor settled multiple discretionary trusts) for discretionary trusts will be removed. Until 6 April 2024, income within the Standard Rate Band was taxed at basic rates, as opposed to the higher rates applicable to trusts for income exceeding this band (i.e. 8.75% and 20% instead of 39.35% and 45% for dividends and other income respectively).

Non-UK trusts receiving only UK dividends totaling less than the previously available Standard Rate Band will now have to notify for self-assessment and pay tax on this income if it exceeds the new de minimis limit.

Removal of the Standard Rate Band will remove one factor contributing to discretionary trust trustees paying tax shortfalls when distributions are made. However, trustees must still ensure funds are maintained to meet tax pool liabilities, as tax credits may exceed the tax pool for other reasons (e.g. dividend income).

Estate Changes

If estate income is within the £500 de minimis limit for all tax years and if informal reporting requirements are met, then there will no longer be a need for any reporting to HMRC.

For income distributed that was deemed to be within the £500 limit of the estate, UK beneficiaries will neither pay tax on this income nor receive a tax credit.

Note that Individual Savings Account (ISA) income remains non-taxable for 3 years after death and will not count towards the £500 limit.

Reference/ Citation

https://www.gov.uk/government/publications/simplifications-for-trusts-and-estates/estates-in-administration-and-trusts

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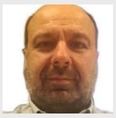
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