

Highlights

Cloud & new horizon

Cloud accounting has arrived. It will make life easier for accountants who are able to set appropriate rules to the software system to make it works for them. Our Melbourne office has an article on how cloud accounting works and what it means for the SMEs.

China is also moving to making it more simple, convenient and efficient for enterprises to manage and report their capital

contribution. The reform on "Regulations Concerning Corporate Registered Capital" has come into effect since 1 March 2014.

On 26 February 2014 Hong Kong announced its "no surprise" budget for 2014/15. Despite forecasting a HKD9.1b surplus, few tax concessions / incentives are introduced.

New in Indonesia is KJA, a new type of business entity licensed by the Minister of Finance to provide accounting services other than assurance. The KJA article by our Indonesian office

provides background and details of KJA.

The Malaysian feature is on taxability of employment income from cross border assignments. It explains the possible exemptions under local law and tax treaties.

Singapore beats Hong Kong in announcing the 2014 budget 5 days ahead. The country also offers a much longer list of new tax concessions and incentives catering for different business and community sectors.

Cloud and horizon are changing, some at faster pace than others!

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The changing face of accounting

SAWARD / DAWSON
chartered accountants

"...Users no longer need to worry about updates and backups..."

Over recent years we have seen the release of a plethora of Cloud software products. These internet browser based products offer the convenience of being able to be accessed from any computer without requiring any special software. Users no longer need to worry about updates and backups. And in the accounting space we have seen some new rich features introduced.

Some of these new features mean that there is substantial intelligence at work behind the scenes before you even launch the software. I refer to this as data capture compared to the traditional data entry. There are 3 really helpful ways in this is being put to work in accounting:

1. Capturing bank transactions:

Each day transactions are fed from your bank into the software and automatically matched to transactions in the system or to previous similar transactions or according to pre-determined rules. This means that rather than entering bank transactions you now

confirm or accept the software's suggestions or otherwise allocate them.

2. Capturing bills:

The time spent entering your supplier bills can be drastically reduced by letting someone else do this for you – automatically! Any bills you receive can now be forward either by mail for scanning or electronically to providers who will process the bills using Optical Character Recognition technology and then feed the bill to your accounting software. When you next open your accounting software there is a bill that has been entered according to the rules that you determine, either waiting for payment or to be matched against a bank transaction. And, there is a pdf or jpg copy of the bill linked to the transaction so you can always see the details.

3. Capturing share transactions:

Technology is also emerging whereby data contained in buy and sell contracts will be automatically entered into Self Managed Superannuation software

What does this mean for small business?

1. If you can attend to invoicing of your customers and paying your bills then technology can now look after the vast majority of the rest of your transactions. This means you don't need a bookkeeper to come in and enter your transactions because they have already been captured.
2. Accountants can now offer a far more cost effective solution to SME's as we don't need to spend time in data entry. Instead we can use our skill and expertise to ensure that the rules of data capture are working properly and to focus on the more important things so that you get prompt and reliable management reports.
3. You can do away with your filing cabinets. Because all your supplier invoices are embedded in the accounting software you no longer need

to retain paper copies.	solutions that integrate with these automatic bill feeds. These include Xero, QuickBooks Online, MYOB. Saasu, FreshBooks	and Reckon One is expected to come in place shortly.
4. There are a variety of software providers in Australia offering Cloud accounting		

AUSTRALIA

(Continued)

China Reforms the Registered Capital System and Annual Inspection Process

CHINA

Following the State Council's announcement in November 2013, China's State Administration of Industry and Commerce (SAIC) issued "Regulations Concerning Corporate Registered Capital" on 20 February 2014 and the new regulations became effective on 1 March 2014.

It is expected that the new policy will create a business registration system on the principles of convenience, efficiency, standard and uniform practice, and easy access but stringent regulation, aiming to reduce access thresholds, reinforce responsibilities and accountability of market players, and facilitate the formation of an honest, fair and orderly market.

The reform covers five aspects:

(1) Relaxation of

registered capital registration conditions:

- unless otherwise stipulated by laws and regulations, restrictions regarding registered capital, i.e., minimum RMB30,000 registered capital for a limited liability company, minimum RMB100,000 registered capital for a one-person limited liability company, and minimum RMB5 million registered capital for a company limited by shares, shall be lifted;
- upon incorporation shareholders (sponsors) shall no longer be restricted in terms of the proportions of first capital injection and duration for full payment of subscribed capital;

- actual paid-in capital shall no longer be included in the list of items of business registration

(2) Change of enterprise's annual inspection system to an annual reporting system and the establishment of a fair and uniform inspection system.

(3) Simplifying market player residence (place of business) registration requirements on the basis of facilitating registration as well as standardization and systematization, with specific regulations to be determined by local governments.

(4) Promoting the development of an enterprise credit system. With the use of information announcement and sharing via the system for announcement of market player credit information, information of businesses such as registrations and



"... no longer be restricted in terms of the proportions of first capital injection..."

CHINA

(Continued)

"... allowed to determine the amounts of subscribed capital, methods and duration of capital injection at their own discretion..."

filings, annual reports, qualifications and accreditations will be made available to the public. E-business licenses and total-process electronic registration administration will be practiced, enjoying equal legal effect as hard-copy licenses. The credit constraint mechanism will be improved whereby irregular market players will be put on the "black list" of businesses in abnormal operation and announced to the whole society, as a result of such businesses will "be restricted everywhere for any irregularity in any one aspect" and thereby suffer higher cost of "losing credit".

(5) Reducing the cost of start-ups by changing actual paid-in registered capital to a subscribed capital registration system. Shareholders (sponsors) shall be allowed to determine the amounts of subscribed capital, methods and duration of capital injection at their own discretion and shall be held liable to the truthfulness and legitimacy of their capital injections.

The reform aims to lower market entry requirements while

reinforcing the responsibility of market players. It is also part of the central government's commitment to move away from the current "emphasizing approval while neglecting regulation" mode to "easier market access and reinforced supervision" mode. As background, in addition to the minimum registered capital requirement for various types of companies, the methods and duration of capital injection, the proportions of first capital injection and duration for full payment of subscribed capital must be approved by governmental agencies before business registration and each injection of registered capital must be verified by a CPA firm. During the normal operation period, all companies must go through tedious and bureaucratic annual inspection procedures during March to June every year, when they had to file various forms and reports (including audit report for foreign invested enterprises) to local administration bureaus of industry and commerce.

Capital verification and statutory annual audit have been traditional

businesses for Chinese CPA firms, accounting for 70 percent or more of their revenue. While large accounting firms are less affected by the reform as they are concentrating on listed companies and large state-owned enterprises, most small and medium-sized firms will be badly affected as their business from capital verification and annual inspection will be lost. Pessimists even call this as "crowning calamity" for small and medium-sized firms. However, the statutory requirements for capital verification and audit made companies habitually to use low cost method in choosing accounting firms, leading to intense price competition and bad reputation for the accounting industry. The market-oriented reform may stimulate the market players' internal needs for audit and good accounting firms may have more opportunities in meeting the needs in a credit-based market.

2014-15 Budget

HONG KONG



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On 26th February 2014, the Financial Secretary, John Tsang Chun-wah, delivered his 7th Budget Speech. In the speech, a revised budget surplus of HKD12bn for 2013-14 and a forecast surplus of HKD9.1bn for 2014-15 were announced.

Below are some highlights of the Budget:

- The headline inflation rate for 2013 was 4.3 percent, with the underlying inflation rate at 4.0 percent, down by 0.7 percent from 2012.

- An one-off relief measures involving around HK\$20bn, including:

(a) Reducing salaries tax and tax under personal assessment for 2013-14 by 75%, subject to a ceiling of \$10,000;

(b) Reducing profits tax for 2013-14 by 75%, subject to a ceiling of \$10,000;

(c) Waive rates for the first two quarters of 2014-15, subject to a ceiling of \$1,500 per quarter for each ratable property;

(d) Paying one month's rent for public housing tenants;

(e) Provide an extra allowance to Comprehensive Social Security Assistance recipients, equal to one month of the standard rate payment, and an extract allowance to Old Age Allowance, Old Age Living Allowance and Disability Allowance recipient, equal to one month of the allowances;

- Increase in some of the recurrent allowances, including:

(a) Increasing the allowance for maintaining a dependent parent or grandparent aged 60 or above from \$38,000 to \$40,000. The same increase applies to the additional allowance for taxpayer residing with the parents / grandparents continuously throughout the year;

(b) Increasing the allowance for maintaining a dependent parent or grandparent aged between 55 and 59 from \$19,000 to \$20,000. The same increase applies to

the additional allowance for taxpayers residing with the parents / grandparents continuously throughout the year; and

(c) For taxpayers whose parents or grandparents are admitted to residential care homes, the deduction ceiling for elderly residential care expenses will be raised from \$76,000 to \$80,000.

- Change in government duties, including:

(a) Waiver of stamp duty on all exchange traded funds transactions; and

(b) Increase the tobacco duty by \$0.2 per cigarette stick immediately.

- Review of the rules under Inland Revenue Ordinance for interest deduction incurred by treasury companies, and to clarify the criteria for such deductions.

"...reducing profits tax for 2013-14 by 75%, subject to a ceiling of \$10,000..."

INDONESIA



Russell Bedford Indomitra
Management & Legal Consulting

Accounting services other than assurance to be rendered by accounting services firms (KJAs)

"...required to put in place a quality control system..."

On February 2014, the Minister of Finance of the Republic of Indonesia issued the Regulation of the Minister of Finance (PMK) Number 25/PMK.01/2014 on State Registered Accountant. This regulation sets out, among others, the provisions for registered accountants and accounting services other than assurance to be rendered by an accounting services firm (KJA).

KJA is a new type of business entity that has resulted from the issuance of PMK Number 25/PMK.01/2014. This regulation defines KJA as a business entity licensed by the Minister of Finance to provide accounting services other than assurance.

In order to obtain the license as a registered accountant, according to the regulation, applicants must have fulfilled a number of requirements, such as completing the professional program in accounting or passing the professional accountant certification exam, having the experience in accounting field and holding a membership with an accounting professional association.

The professional accountant certification examination herein refers to the exam conducted by Indonesian Institute of Accountants (IAI). Those who have passed the exam, submitted the application to be a registered accountant, had the experience in accounting field and/or practiced accountancy professionally for a certain period of time, and fulfilled other requirements imposed by IAI, are entitled to the title of Chartered Accountant (CA) issued by IAI.

PMK No. 25/2014 was issued following Indonesian government's issuance of Law Number 5 of 2011 on Public Accountant. While Law Number 5 of 2011 sets out the provisions on public accountants and assurance and non-assurance services by certified public accountant (CPA) firms, PMK No 25/2014 specifically sets out the accounting services other than assurance to be rendered by registered accountants under accounting services firms (KJA). Before the issuance of PMK Number 25/2014, the absence of a regulation for such

specific matter had led to the absence of quality standard and monitoring system, but now the providers of accounting services other than assurance have a clear and binding regulation.

A KJA can be established by one or more registered accountants. KJA business entity can come in the forms of proprietorship, general partnership, civil partnership, cooperative, or limited-liability company. Because KJA can only be established by registered accountant(s), the regulation requires the accountant(s) to: a) maintain competency through CPE, b) obtain a membership with accounting professional association, c) comply with the code of conduct, d) comply with the professional standard imposed by the accounting professional association, and e) report to the chief of Accountant and Appraiser Supervisory Center (PPAJP) of Ministry of Finance on any data change.

Furthermore, KJAs are required to put in place a quality control system that fulfills the provisions stipulated by the professional association

INDONESIA

(Continued)

and report their activities to PPAJP.

The accounting services other than assurance that may be rendered by KJAs include book-keeping, financial statements compilation, management services, management accounting, management consultation, taxation, agreed procedure on financial information, and IT system. KJAs are not allowed to render assurance services as defined by the law on public accountants. Moreover, if a KJA renders taxation services, it must fulfill taxation regulations, such as obtaining a license as tax consultant from the Directorate General of Taxes.

PMK 25/PMK.01/2014 also sets out the requirements for non-Indonesian citizens who intend to apply for the

certification as state registered accountant to the Minister of Finance, provided that there is a mutual recognition treaty between Indonesian government and the government of their country of citizenship.

In order to be certified as a state registered accountant, a foreign citizen must fulfill a set of requirements, including professional accountant certification, domicile within the territory of Indonesia, familiarity with the tax and trade laws applicable in Indonesia, ability to communicate in Indonesian language, experience in accounting practice, and other requirements imposed by the mutual recognition treaty between Indonesian government and the government of their country of citizenship.

Among the reasons behind the issuance of PMK No.25/PMK.01/2014 is the preparation for ASEAN Economic Community in 2015. Therefore, this regulation is expected to create Indonesian accountants with proven competence and quality, reliable performance, high level of professionalism, and global competitiveness

"...not allowed to render assurance services..."

Taxability of employment income from cross border assignments

"...may qualify for exemption or relief from tax in Malaysia under the local law or the relevant tax treaties..."

One of the main concerns of multinational companies ("MNC") that do cross border assignments is on the taxation of the salary of employees. One of the most common issues raised by the MNCs would be on determining the country which has the taxing rights of the salary of employees involved in cross border assignments.

From the Malaysia perspective, Malaysia adopts a territorial scope of taxation in that all income accruing in or derived from Malaysia is subject to Malaysian income tax irrespective of the place where the contract is entered into or where the remuneration is paid. In this connection, income that is derived from exercising an employment in Malaysia is taxable in Malaysia even though the individual may be paid wholly or partly outside Malaysia.

Nevertheless, an employee exercising cross border assignments may qualify for exemption or relief from tax in Malaysia under the local law or the relevant

tax treaties entered into between Malaysia and the foreign countries.

Article 15 of the OECD Model Convention

The basic principle provided under Article 15, Para 1 of the OECD Model Convention is that, for employees sent abroad for assignments, the country that has the right to tax the salary of these employees would be the country in which the work is actually exercised.

However, a relief is granted under Article 15, Para 2 of the OECD Model Convention where the right of taxation stays with the country of residence of the employee if the employee:

- (i) Spent not more than 183 days in a foreign country; and
- (ii) The salary is paid by or on behalf of an employer, who is not a resident in the foreign country; and
- (iii) His salary is not borne by a permanent establishment the employer has in the foreign country.

Malaysia adopts Article 15 in most if not all of the tax treaties signed with treaty partners.

In Malaysia, the qualification for relief under the above Article 15, Para 2 is not automatic. It is necessary for an application to be made to the tax authority (by filing an income tax return) seeking for the relief by submitting proof that the employee of the foreign company does indeed qualify for the relief.

Income tax exemption under the Income Tax Act 1967

Schedule 6 Paragraph 21 of the Income Tax Act 1967 ("ITA") provides that employment income derived by a non-resident individual from an employment exercised in Malaysia is exempt from tax if employment is exercised in Malaysia:

- For a period or periods not exceeding 60 days in a basis year; or
- For a continuous period (not exceeding 60 days) which overlaps two successive basis years;

or

- For a continuous period (not exceeding 60 days) which overlaps two successive basis year and for a period or periods which together with that continuous period do not exceed 60 days.

The 60 day exemption refers to the period of employment and not the period of physical presence of an individual in Malaysia, and therefore only applies when the period of employment in Malaysia does not exceed 60 days.

Malaysian tax implications if the foreign employees do not qualify for the above relief / exemption

If the above exemption and relief do not apply, the income of the employees involved in the cross border assignments would be taxed in Malaysia.

The income of a non-resident individual is subject to income tax at 26% without personal relief. Meanwhile, a resident individual is taxed at scale rates and enjoys personal relief.

The residence status of an individual is determined by his/her physical presence in Malaysia. An individual may qualify as a resident for the basis year for a particular year of assessment if the individual is present in Malaysia in the basis year for a period or periods totaling 182 days or more.

There is a host of personal reliefs that can be claimed by tax resident individuals, namely:

"...the 60 days exemption refers to the period of employment ..."

Types of relief	RM (YA 2013)
Personal	9,000
Wife / husband (no source of income)	3,000
Medical expenses for parents	5,000
Child	
- Below 18 years old	1,000 (per child)
- Above 18 years old and pursuing tertiary education	6,000 (per child)
Life insurance	6,000
Medical or education insurance	3,000
Private retirement scheme	3,000
Purchase of books	1,000
Purchase of computer	3,000
Purchase of sports equipment	300

Singapore Budget 2014 – Overview of tax changes

On 21 February 2014, the Deputy Prime Minister and Minister for Finance (the Minister) presented Singapore's 2014 Budget Speech.

Overall, the tax measures introduced are well balanced and, together with non-tax measures, address the immediate requirements of the economy (both individuals and businesses) with a particular focus on productivity and technology to create a society where there will be social mobility, better quality of life and a fair and progressive fiscal system for all Singaporeans.

Business taxExtension of the Productivity and Innovation Credit (PIC) scheme

To encourage businesses to invest in productivity and innovation, the Minister has proposed to extend the PIC scheme for 3 years till Year of Assessment (YA) 2018.

The expenditure cap of \$400,000 per qualifying activity can be combined across YA 2016 to 2018 (i.e. combined expenditure cap of \$1,200,000 for each of the qualifying activities).

PIC+ scheme

To provide support to SMEs making more substantial investments to transform their businesses, the Minister has also introduced a new PIC+ scheme, available to qualifying SMEs which incur PIC qualifying expenditure in YA 2015 to YA 2018.

Under the PIC+ scheme, the qualifying expenditure cap will be increased from \$400,000 to \$600,000 per qualifying activity per YA for qualifying SMEs. This would mean that the combined expenditure cap for qualifying SME will be increased up to \$1,400,000 for YA 2013 to YA 2015. For YA 2016 to YA 2018, the combined expenditure cap for each qualifying activity is \$1,800,000 for qualifying SME.

An entity will be considered a qualifying SME if its annual turnover is not more than \$100 million or its employment size is not more than 200 workers. If the entity is part of a group, the above condition will be applied at the group level.

The IRAS will release further details by end of March 2014.

Tightening the cash payout condition

For PIC cash payout, the expenditure cap of \$100,000 per YA for all six qualifying activities would remain and cannot be combined across the three YAs.

With effect from YA 2016, all businesses applying for cash payout will have to meet the "3 local employees" condition for a consecutive period of at least 3 months prior to claiming the cash payout.

Extending PIC benefits to training of individuals under centralised hiring arrangements

In response to feedback from the industry and recognising that training of such individuals can improve the productivity of the business where the individuals are deployed, the PIC scheme will be enhanced to allow businesses to claim PIC benefits on training expenses incurred in respect of individuals hired under centralised hiring arrangements.

The IRAS will release further details by end of March 2014.

Allowing the tax deferring option under PIC scheme to lapse

"...allow businesses to claim PIC benefits on training expenses..."

As the PIC cash payout serves a similar purpose to help businesses relieve cash-flow concerns, the tax deferral option will lapse with effect from YA 2015.

Extending the Research & Development (R&D) tax measures

To continue encouraging R&D and to provide certainty to businesses, the Minister has proposed to extend the additional 50% tax deduction available under Section 14DA(1) for 10 years till YA 2025.

In addition, to attract businesses to conduct large R&D projects in Singapore, the further deduction under Section 14E will be extended for 5 years till 31 March 2020.

Extending and refining the Section 19B Writing Down Allowance (WDA) scheme

To build Singapore as an Intellectual Property (IP) hub, the Minister has announced that Section 19B WDA will be extended for 5 years till YA 2020 and accelerated WDA for Media and Digital Entertainment companies will be extended for 3 years till YA 2018.

All existing conditions of the WDA scheme remain unchanged.

To provide clarity on the types of items that would not meet the description of "information with commercial value", a negative list will be legislated to exclude the following types of information:

- (a) Customer-based intangibles; and
- (b) Documentation of work processes.

The IRAS will release the list by the end of April 2014.

Extending the Section 14A tax deduction scheme for registration costs of IP

To encourage businesses to protect their IP, the Minister has announced to extend the 100% tax deduction on registration costs of qualifying IP under Section 14A for 5 years till YA 2020.

Extending and enhancing the Land Intensification Allowance (LIA) scheme

To encourage optimal land use by businesses, the Minister has announced that the LIA scheme will be extended for a further 5 years till 30 June 2020.

In addition, the LIA will be extended to include the logistic sector and businesses carrying qualifying activities on airport and port land.

The Minister has also proposed a new condition requiring existing buildings that have already met or exceeded the GPR benchmark to meet a minimum incremental GPR criterion of 10%.

All other existing conditions of the scheme remain unchanged. Further details will be announced by EDB by end of May 2014.

Waiving the withholding tax requirement for payments made to branches in Singapore

To reduce compliance costs, the Minister has announced that payers will no longer need to withhold tax on Sections 12(6) and 12(7) payments made to permanent establishments that are Singapore branches of non-resident companies. These branches will continue to be assessed for income tax on such payments that they receive and will be required to declare such payments in their annual tax returns.

The above change will take effect for all payment obligations that arise on or after 21 February 2014.

Treating Basel III Additional Tier 1 instruments as debt for tax purposes

To provide tax certainty and maintain a level-

"...extend the 100% tax deduction on registration costs of qualifying IP ..."

SINGAPORE

(Continued)

"...interest income derived from a qualifying offshore infrastructure project/asset will automatically qualify ..."

playing field for Singapore-incorporated banks which issue Basel III Additional Tier 1 instruments, such as instruments other than shares, will be treated as debt for tax purposes. Accordingly, distributions on such instruments will be deductible for issuers and taxable in the hands of investors, subject to existing rules.

The tax treatment will apply to distributions accrued in the basis period for YA 2015 and thereafter, in respect of such instruments issued by Singapore incorporated banks (excluding their foreign branches) that are subject to MAS Notice 637.

MAS will release further details by end of May 2014.

Extending and refining tax incentive schemes for qualifying funds

To anchor and continue to grow Singapore's asset management industry, the Sections 13CA, 13R and 13X tax exemption schemes will be extended for 5 years till 31 March 2019. The Section 13C scheme will be allowed to lapse after 31 March 2014.

In addition, the Sections 13CA, 13R and 13X schemes will be refined as follows:

(a) The Section 13CA scheme will be expanded to include trust funds with resident trustees, which are presently covered under Section 13C scheme. This will take effect from 1 April 2014.

(b) The investor ownership levels for the Section 13CA and 13R schemes will be computed based on the prevailing market value of the issued securities on that day instead of the historical value. This will take effect from 1 April 2014.

(c) The list of designated investments will be expanded to include loans to qualifying offshore trust, interest in certain limited liability companies and bankers acceptance. This is with immediate effect.

Other existing conditions remain unchanged. The MAS will release further details by end of May 2014.

Enhancing the foreign-sourced income exemption scheme for listed infrastructure Registered Business Trusts (RBTs)

To accord listed infrastructure RBTs in Singapore greater tax certainty, thereby facilitating the listing of more infrastructure assets in Singapore, the foreign-sourced income exemption for listed infrastructure RBTs will be enhanced as follows:

(a) The specified scenarios under Section 13(12) will be expanded to cover dividend income originating from foreign-sourced interest income so long as it relates to the qualifying offshore infrastructure project/asset. IRAS will continue to verify that the qualifying conditions are met for all specified scenarios; and

(b) Interest income derived from a qualifying offshore infrastructure project/asset will automatically qualify for Section 13(12) exemption provided certain conditions are met. With the change, IRAS will verify that the qualifying conditions are met instead of the current case-by-case approval by the Minister.

The IRAS will release further details, including the effective date of these enhancements, by end of May 2014.

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Refining the Designated Unit Trust (DUT) scheme

The Minister has announced that the DUT scheme will be streamlined and rationalised as follows:

- (a) The scheme will be limited to unit trusts offered to retail investors with effect from 21 February 2014. Non-retail unit trusts may consider other fund schemes;
- (b) Existing non-retail unit trusts that were approved under the scheme prior to 21 February 2014 may continue to retain their DUT status;

and

- (c) From 1 September 2014, subject to the fulfilment of conditions, unit trusts do not have to apply for the DUT scheme to enjoy the benefits of the scheme.

Other existing conditions of the DUT scheme remain unchanged and a review date of 31 March 2019 will be legislated to ensure that the relevance of the scheme is periodically reviewed.

MAS will release further details of the changes by the end of May 2014.

Allowing the Investment

Allowance (IA) scheme for aircraft rotables to lapse

The IA scheme for aircraft rotables will lapse after 31 March 2015.

Individual tax

Enhancing the Parent and Handicapped Parent Reliefs

To provide greater encouragement and recognition to individuals supporting their parents, the Minister has proposed to increase the quantum of parent/handicapped parent relief, with individuals who are staying with these dependants enjoying a higher relief quantum, as follows:

"...unit trusts do not have to apply for the DUT scheme to enjoy the benefits ..."

Type of Relief	Staying with dependent	Not staying with dependent
Parent Relief	\$9,000	\$5,500
Handicapped Parent Relief	\$14,000	\$10,000

Recognising that care for parents is a shared responsibility among family members, claimants of parent/handicapped parent relief will be able to share the relief according to the claimants' agreed proportion. If more than one claimant is making

the claim and the claimants cannot agree on the apportionment ratio, the relief will be apportioned equally among all the claimants.

The above changes will take effect from YA 2015.

Enhancing the Handicapped Dependant

Reliefs

To provide greater recognition to individuals who support their handicapped dependants, the Minister has proposed to increase the reliefs for those caring for their handicapped spouse, sibling and/or child as follows:

Type of Relief	Current relief up to YA 2014	Relief with effect from YA 2015
Handicapped Spouse Relief	\$3,500	\$5,500
Handicapped Sibling Relief	\$3,500	\$5,500
Handicapped Child Relief	\$5,500	\$7,500

SINGAPORE

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"...qualifying funds...managed by a prescribed fund manager... are allowed to claim GST ..."

Removing transfer of qualifying deductions and deficits between spouses

The Minister has proposed that with effect from YA 2016, married couples can no longer transfer qualifying deductions and deficits to each other (including under the loss carry-back system).

As a transitional measure, inter-spousal transfers of qualifying deductions and deficits incurred by a married couple in and before YA 2015 will still be allowed up till YA 2017, subject to existing rules.

Any unabsorbed trade losses or capital allowances can still be carried forward to future years to be offset against the future income of the taxpayer until the amount is fully utilised, subject to current rules. Any unutilised donations can also be carried forward to future years to be offset against the

future income of the taxpayer, upon a maximum of 5 years.

The IRAS will release further details of the change by end of May 2014.

Removal of Section 40 Relief

To further simplify the individual income tax system, the Section 40 relief (non-resident relief) will be removed from YA 2016.

Indirect Tax

Recovery of GST for qualifying funds

As a concession, qualifying funds that are managed by a prescribed fund manager in Singapore are allowed to claim GST incurred on expenses at a fixed rate.

This concession will be extended for 5 years till 31 March 2019. MAS will release further details by the end of March 2014.

Property tax

Introducing a review date for the Approved Building Project (ABP) scheme

In order to ensure that the scheme continues to be relevant, the ABP scheme will be periodically reviewed and the next review will take place on 31 March 2017.

Stamp duty

Streamlining of stamp duty rate structure

To ensure consistency in stamp duty treatment and to further streamline the stamp duty regime, the Minister has proposed the following changes, with effect from 22 February 2014:

- (a) Leases of immovable property

Leases of immovable property with average annual rent (AAR) equal or less than \$1,000 will continue to be exempt.

Where AAR exceeds \$1,000:

Lease period	Stamp duty rates
Up to four years	0.4% of the total rent for the entire period of the lease
Exceeding four years or for any indefinite term	0.4% of four times of the AAR for the entire period of the lease

(b) Buyer's stamp duty – Land premiums and purchase of property

Purchase price or market value (whichever is higher)	Buyer's stamp duty rates
First \$180,000	1%
Next \$180,000	2%
Remainder	3%

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(c) Shares transfer and mortgages

Types of instruments	Stamp duty rates
Transfer of stock or shares	0.2% of the purchase price or market value of the stock or shares transferred, whichever is higher
Mortgage instruments	0.2% or 0.4% of the relevant amount (depending on the type of mortgage instrument*), subject to maximum duty of \$500

Other changesIncrease in Employer CPF Medisave contribution rates

To help Singaporean workers save for their healthcare needs, the employer CPF contribution rate will be increased by 1% for all employees. This increase will be channelled into the Medisave Account.

To boost the retirement adequacy of older Singaporeans, the Minister has also proposed, on top of the 1% in the Medisave Account mentioned above, to increase the employer and employee CPF contribution rates for workers aged above

50 to 55 years by 1% and 0.5% respectively and the employer CPF contribution rates for workers aged above 55 to 65 years by 0.5%. The increase in the employer and employee contribution rates will be allocated to the Special Account and the Ordinary Account respectively.

The above change will take effect from January 2015.

Enhancement of Special Employment Credit (SEC)

To help employers cope with cost increases associated with the increase in CPF contribution rates

effective from 1 January 2015, the SEC will be enhanced for 1 year with an additional offset of up to 0.5% of wages. With this enhancement, employers who hire Singaporean workers aged above 50 between 1 January 2015 and 31 December 2015 will receive an SEC of 8.5% of the employee's monthly wage of up to \$3,000. The SEC amount will be lower for employees with a monthly wage of between \$3,000 and \$4,000.

In addition, employers of persons with disabilities (PWDs) aged above 50 will receive a one-time SEC enhancement of up to 1% for work done in 2015. This will increase the SEC quantum to up to 17% of

"...increase the employer and employee CPF contribution rates for workers aged above 50 ..."

SINGAPORE

(Continued)

the monthly wage for PWDs.

Temporary Employment Credit (TEC)

To help employers manage the rise in business costs with the increase in the employer CPF contribution rate of 1%, employers will

receive a one-year TEC of 0.5% offset on wages for Singapore citizens and Singapore permanent residents up to the CPF salary ceiling of \$5,000 per month. This will be made based on the employees' wages paid in 2015.

Further details will be

made available at a later date.



Ready for changes

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