

## World Tax Advisor

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### Australian Commissioner of Taxation issues new draft ruling in respect of software distribution models

The Commissioner of Taxation has issued an updated draft taxation ruling for public consultation on the characterization of payments in respect of software and intellectual property rights, which aims to provide clarity on topics including the interaction between the domestic and tax treaty definitions of a royalty, the interpretation and application of the Copyright Act, the apportionment of payments, and the effect of the ruling on different software distribution models.



#### Australia

### PCG 2024/1: Intangibles migration arrangements

The Australian Taxation Office has released a finalized practical compliance guideline relating to intangibles migration arrangements, which focuses on the migration of Australian-generated intangible assets and the mischaracterization and nonrecognition of

#### Hong Kong SAR

### Legislation introducing new tax deduction for spectrum utilization fees enacted

An ordinance has been gazetted that allows spectrum utilization fees payable for radio spectrum acquired on or after 19 January 2024 to be fully deductible, with the tax deduction spread over the spectrum assignment term,

Australian activities connected with intangible assets held offshore.



#### India

### Safe harbor rules for intragroup financing arrangements aligned with global standards

The Central Board of Direct Taxes has issued a notification that introduces important amendments to the safe harbor provisions for intragroup financing arrangements. The amendments will be effective as from 1 April 2024 and first will apply for the assessment year 2024-25.

which is generally 15 years. The new deduction does not have retroactive effect.



#### Philippines

### Clarification of taxation of cross-border services provided by nonresident entities

The Bureau of Internal Revenue has issued a revenue memorandum circular to clarify the assessment of final withholding tax and final VAT on cross-border services rendered by nonresident entities. The circular was issued in light of a Supreme Court decision emphasizing that the location of an income-generating property, activity, or service determines where the income is taxed.



#### Taiwan (China)

### MOF amends regulations governing application of accrued CFC income

The Ministry of Finance has published amendments to the controlled foreign company regulations, which are effective immediately and include significant modifications to the calculation of a controlled foreign company's current year earnings. The first corporate income tax returns that may be affected by the amendments are due in May 2024.



#### United Kingdom

### Government publishes simplification update

The tax authorities have published an update on measures relating to the simplification of the tax system. The update includes an announcement on the publication of a summary of responses from a prior consultation on proposed reforms to the laws relating to transfer pricing, permanent establishments, and diverted profits tax and indicates that draft legislation is expected later in 2024.



United States

## **FASB issues ASU on income tax disclosures**

The Financial Accounting Standards Board has issued an accounting standards update that establishes new income tax disclosure requirements, in addition to modifying or eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation and further disaggregate income taxes paid.



United States

## **IRS expands scope of letter ruling program for corporate transactions**

The Internal Revenue Service has published two revenue procedures that expand the letter ruling practice for certain corporate transactions and that identify certain issues on which “transactional rulings” and “comfort rulings” will now be issued. The approach of restricting the matters on which the Internal Revenue Service would issue a ruling to include only “significant issues” is eliminated.



United States

## **IRS publishes transitional guidance for reporting of digital asset payments**

The Internal Revenue Service has released an announcement clarifying that, until regulations are published, no reporting is required where digital assets in excess of USD 10,000 are received in a single transaction (or multiple related transactions) under Internal Revenue Code section 6050I, which relates to certain reporting requirements for “cash” received in a trade or business.



Vietnam

## **Overview of resolution to introduce global minimum tax**

This article discusses a resolution that has been approved by the National Assembly on the application in Vietnam of a global minimum tax in accordance with the OECD global anti-base erosion or “Pillar Two” rules, as from 1 January 2024. The new measures include a tax that is intended to be a qualified domestic minimum top-up tax, as well as an income inclusion rule.

## Tax treaty round up

Recent developments with respect to the following tax treaties: Algeria-Japan, Andorra-Iceland, Croatia-Hong Kong SAR, Cyprus-France, Egypt-Qatar, France-Kenya, and Kyrgyzstan-Netherlands, plus an update on certain bilateral tax treaties and protocols that are in effect (or were terminated) as from 1 January 2024 with respect to their provisions on withholding taxes.



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