



# Asia Pacific Financial Services Tax Highlights

February – April 2026

# Asia Pacific Financial Services Tax Highlights

Our highlights showcase the latest developments and most pressing issues facing the industry in the region.

If you would like to discuss any of these topics further, please feel free to reach out to any of our listed contacts or your usual PwC representative.

## Australia

### Board of Taxation's review of thin capitalisation reforms

The Board of Taxation has been tasked with independently reviewing the recent changes to Australia's thin capitalisation rules. The Board has now prepared a [consultation guide](#) to explain the review process including how stakeholders can contribute and questions to consider. Comments can be made to the Board by 18 May 2026. The Board is expected to provide its final written report to the Government by 1 February 2027.

### Pillar Two – More jurisdictions with qualified GloBE taxes

Legislative instrument [Taxation \(Multinational-Global and Domestic Minimum Tax\) \(Qualified GloBE Taxes\) Amendment \(Measures No. 1\) Determination 2026](#) updates the list of jurisdictions, with varying application dates, that are considered to have qualified taxes for purposes of applying Australia's implementation of the Pillar Two Global Anti-Base Erosion (GloBE) rules.

Additional reading:

- [Tax Alerts](#)
- [Monthly tax update](#)

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## Hong Kong

### **Relaxation of criteria for Hong Kong's section 45 intra-group stamp duty relief**

Further to the Hong Kong 2026/27 Budget Speech, the IRD has provided more information on the relaxation of the criteria for intra-group stamp duty relief under section 45 of the SDO.

The preliminary proposed measures are as follows:

- expanding the scope of business entities eligible for the intra-group relief to include bodies corporate that do not issue or allot share capital, such as limited liability partnerships that have a separate legal personality; and
- lowering the minimum threshold for association between the transferor and the transferee from 90% to 75%.

The enhanced intra-group relief regime applies to relevant instruments executed on or after 25 February 2026.

Before the amendment ordinance is enacted, duty payers can submit requests for adjudication on instruments related to transfers that met the conditions of the enhanced intra-group relief regime. After the relevant legislation is enacted, the Stamp Office will determine whether the relief can be granted. In these cases, duty payers do not need to pay the stamp duty upfront and then seek a refund.

**More budget highlights [here](#).**

### **Hong Kong's proposed enhancements to preferential tax regimes for funds, FIHVs and carried interest**

The Hong Kong Government has taken a significant step toward enhancing the territory's preferential tax regimes for privately-offered funds, family-owned investment holding vehicles (FIHVs) and carried interest. Following an industry consultation conducted from November 2024 to January 2025 and further engagement sessions in June 2025, proposed amendments to the Inland Revenue Ordinance have now entered the legislative process.

The proposals are set out in a paper released to brief the Legislative Council Panel on Financial Affairs (the [LC Paper](#), linked), which was discussed on 2 March 2026.

These proposals are directly relevant to asset managers, family offices and institutional investors. The key proposed changes are summarised below.

Enhancements to the unified tax regime for funds (UFR)

#### 1. "Funds-of-one"

In addition to the already anticipated inclusion of "pension funds" and "endowment funds" in the proposed expanded "fund" definition, the Government also proposes to expand the definition of "fund" to include (i) funds with a governmental entity, central bank or international organisation as the sole investor; and (ii) certain "fund-of-one" arrangements where the value of qualifying investments managed is not less than HK\$240 million.

These newly scoped-in funds, as well as currently included sovereign wealth funds (referred to collectively as "excepted funds") will not need to be managed by a specified person.

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## Hong Kong (continued)

### 2. Broader scope of qualifying investments

The scope of qualifying investments will be expanded to cover loans (including private credit investments), digital assets, overseas immovable property, emission derivatives/allowance and carbon credits, insurance-linked securities, equity interests in non-corporate private entities, precious metals and specified commodities.

It is worth noting that the LC Paper provides examples of equity interests in non-corporate private entities, including, among others, Tokumei Kumiai (TK) and Tokutei Mokuteki Kaisha (TMK) structures. Meanwhile, for specified commodities to qualify for tax exemption, they have to be in connection with and incidental to the trading of over-the-counter derivative products or futures contracts.

### 3. Changes to profits eligible for tax exemption

The current 5% cap on incidental transactions will be removed and all profits derived by funds and their special purpose entities (SPEs) from qualifying investments will be eligible for tax exemption, subject to specified conditions. An exclusion list will, however, be introduced, covering items such as income from private companies engaged in the trading or development of immovable property in Hong Kong.

### 4. Treatment of SPEs

Full tax exemption will be granted to a fund's SPE regardless of the extent of the fund's ownership, subject to anti-round tripping provisions applying to co-investor(s) of the SPE. The scope of permissible SPE activities will also be expanded to cover the acquisition, holding, administration and disposal of investee private companies and/or another SPE, as well as activities incidental to those activities.

### 5. Relaxed anti-round tripping provisions (deeming provisions)

The existing deeming provisions will be relaxed by carving out resident natural persons, UFR exempted funds, resident persons who are not chargeable to profits tax or whose profits derived from qualifying investments would not have been included in the person's assessable profits if the assets had been held, or the transactions in those assets had been undertaken, directly by the person in the same manner as the fund, and entities meeting specified conditions from the application of these provisions.

On the other hand, specific deeming provisions will be introduced in respect of funds' profits from loans. Resident financial institutions, insurance companies and persons carrying on money lending or intragroup financing business having a beneficial interest of 20% or more (instead of 10% previously proposed) in the funds (with loans as qualifying investments) will fall under these specific deeming provisions.

### 6. Tax reporting and substantial activities requirements

The Government has been actively engaging with the industry to formulate a tax reporting mechanism. This would require fund managers or authorised representatives to provide certain accounting data and information demonstrating satisfaction of the tax exemption conditions and substantial activities requirements, while aiming to minimise the compliance burden on funds and SPEs.

#### Enhancements to the carried interest tax regime

The scope of transactions giving rise to eligible carried interest will be expanded beyond typical private equity investments to cover other qualifying transactions, offshore transactions and taxable transactions.

Fund managers of all types of tax-exempt funds and their employees can enjoy carried interest tax concessions. A refined definition of "eligible carried interest" is expected to be introduced to give effect to the expanded carried interest tax concessions.

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## Hong Kong (continued)

Additionally, the definition of "qualifying person" will be refined to cover unlicensed fund managers of excepted funds, and the requirement that eligible carried interest for qualifying employees be "paid through the qualifying person" will be removed to accommodate different distribution arrangements.

### Enhancements to the FIHV tax regime

Similar enhancements will apply to the FIHV regime in respect of qualifying investments, incidental income, treatment of family-owned special purpose entities (FSPEs) and specific anti-round tripping provisions in respect of profits from loans.

### Timing and way forward

The Government aims to introduce the amendment bill into the Legislative Council in the first half of 2026, as set out in the 2025 Policy Address. If passed, the relevant measures would take effect from the year of assessment 2025/26, meaning that structuring and operational decisions made now could be affected.

Because the proposals are still at the briefing paper stage, the specifics of the draft legislation will be critical. That said, the broad direction is clear and there is value in assessing at this stage how these changes may interact with your current fund structures, FIHV arrangements, or carried interest models. Subject to the draft legislation, the regimes are expected to be very competitive and can reinforce Hong Kong's position as an international asset and wealth management centre.

We will provide a further update once the draft bill is available. In the meantime, please contact us to discuss how these developments may affect your position.

### **Bill to strengthen Hong Kong's CRS administrative framework introduced**

After consulting from December 2025 to early February 2026 on implementing the Crypto-Asset Reporting Framework (CARF) and the amended Common Reporting Standard (CRS) in Hong Kong, the Government gazetted the legislative bill proposing changes to the CRS regime (Bill) on 27 March 2026. Through the Bill, the Government seeks to strengthen the administrative framework for the automatic exchange of tax information (AEOI) under the CRS in response to the latest OECD peer review comments.

The proposed amendments address three areas: mandatory registration for reporting financial institutions (RFIs), updated record-keeping obligations, and stronger sanctions for non-compliance. The Government aims to pass the Bill by the end of June 2026 to meet the OECD's deadline. The relevant amendments will take effect on 1 January 2027. Although the Bill currently covers only these administrative CRS measures, it will likely set the precedent for the future rollout of CARF.

The Bill proposes amendments solely to strengthen the administrative framework for the CRS. Separately, Hong Kong expects enhanced due diligence and reporting requirements under the amended CRS, commonly referred to as "CRS 2.0," to take effect from 1 January 2028. RFIs should therefore recognise that the current Bill marks only the first phase of a broader set of changes to Hong Kong's AEOI regime and should begin planning now for the more substantive operational changes that CRS 2.0 will introduce.

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## India

### Tax and regulatory updates

- The Hon'ble Supreme Court in Tiger Global International II Holdings, Tiger Global International III Holdings, and Tiger Global International IV Holdings ruled that a tax residency certificate alone does not grant tax treaty relief; tax authorities must independently assess the substance of the taxpayer. CBDT Circular No. 789 and the Hon'ble Supreme Court judgement in Azadi Bachao Andolan apply only within their original legal context and do not override subsequent amendments. General Anti Avoidance Rules (GAAR) may apply to pre-April 2017 investments if tax benefits are obtained later through tax avoidance arrangements, and judicial anti-avoidance rules operate alongside GAAR to deny treaty relief in cases of abuse or conduit structures. Taxpayers must also prove commercial substance and genuine management control in their residence jurisdiction to access treaty benefits. See [link](#) for more.

- The new Income Tax Act, 2025, the Income Tax Rules, 2026, and the relevant forms have been enacted with effect from 1 April 2026, replacing the Income Tax Act, 1961.
- Income from the buy-back of shares for all types of shareholders would be taxable as capital gains rather than dividend income. To curb tax arbitrage, promoters face an additional levy, resulting in effective rates of about 22% for corporate promoters and 30% for non-corporate promoters. See [link](#) for more.
- The rate of securities transaction tax (STT) has increased on sale or exercise of options and sale of futures with effect from 1 April 2026. No change in commodities transaction tax (CTT) rate. See [link](#) for more.
- CBDT clarified that GAAR does not apply to income arising from the transfer of investments made before 1 April 2017, regardless of when the arrangement was entered into. This restores grandfathering protection and reduces litigation risk. See [link](#) for more.

- The Reserve Bank of India (RBI) revised the Voluntary Retention Route (VRR) framework for Foreign Portfolio Investors (FPI) debt investments, subsuming VRR limits under the General Route. FPIs may exit VRR investments after the minimum retention period. All existing VRR investments transfer to General Route limits from 1 April 2026. See [link](#) for more.
- The Securities and Exchange Board of India (SEBI) granted approval to allow the netting of funds for cash-market transactions by FPIs. This proposal is intended to enhance operational efficiency and reduce funding costs. Netting of funds will be permitted exclusively for outright buy or sell transactions within a given settlement cycle. The net-settlement framework is proposed to be implemented on or before 31 December 2026. See [link](#) for more.

### IFSC updates

- The tax holiday period for units in IFSC increased to 20 consecutive years out of 25 years (previously 10 consecutive years out of 15 years). Further, the concessional tax rate of 15% will apply on business income outside of tax holiday period. See [link](#) for more.
- International Financial Services Centre Authority (IFSCA) notified the Pension Fund Regulations, 2026, introducing a regulatory framework for pension products in IFSC, including registration of pension funds, prudential norms, investment and disclosure requirements. See [link](#) for more.
- Payment Service Providers (PSPs) engaging in Rupee Drawing Arrangements (RDAs) within the IFSC are now subject to new requirements, including specific eligibility criteria, operational norms, risk management standards, and reporting obligations for RDA transactions. See [link](#) for more.

# Asia Pacific Financial Services Tax Highlights

## India (continued)

### Tax and regulatory updates

- Mandatory certification courses have been specified for Key Managerial Personnel (KMPs) and certain employees of Capital Market Intermediaries (CMIs) and Fund Management Entities (FMEs) to standardise minimum competency and skills and enhance professionalism and regulatory compliance. See [link](#) for more.
- RBI has revised its Frequently Asked Questions (FAQs) regarding the Annual Foreign Liabilities and Assets (FLA) return, providing further clarification on reporting requirements for entities operating within IFSC, including detailed instructions on the disclosure of foreign assets and liabilities. See [link](#) for more.

## Macau

### New investment fund law and tax incentives

Macau passed a new Investment Fund Law on 14 July 2025, which came into effect on 1 January 2026. The law modernises Macau's rules for investment funds, bringing them in line with international standards and replacing a framework that had been in place for over 25 years. Key improvements include stronger protections for investors and the removal of longstanding restrictions on how investment funds are managed, operated, and developed.

Separately, Macau's 2026 Budget, passed in December 2025, introduced a package of tax incentives aimed at fund management companies, investment funds, and investors. Among these measures, eligible fund management companies may qualify for a preferential tax rate of 5%, which is competitive when compared with rates in neighbouring jurisdictions. The tax treatment for funds and investors is also broadly comparable to what is available in nearby markets.

Together, these reforms are designed to position Macau as a more attractive destination for fund management activity and to support the growth of its financial services industry.

## Malaysia

### Time's up: Ensuring compliance with the e-Invoice review framework

Compliance reviews have officially begun, marking the next critical phase in the e-Invoicing journey. In our previous blogs on [preparing for a tax audit](#) and [embarking on an e-Compliance journey](#), we discussed how the future of tax compliance is firmly digital. The challenges businesses face is not just about adapting to these changes but staying one step ahead to remain relevant in the evolving landscape.

Following the successful rollout of new regulations, this next phase, the review stage, focuses on assessing how well organisations are meeting the requirements and where further improvements may be needed. This compliance review directly impacts your business by safeguarding integrity, minimising risks, and promoting continued alignment with regulatory requirements. This blog sets out what you need to know and why it matters.

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## New Zealand

### Tax Bill update

Earlier in March, the Finance and Expenditure Committee (FEC) reported the Taxation (Annual Rates for 2025-26, Multinational Tax, and Remedial Matters) Bill (the Bill) back to Parliament. This was followed by amendment papers No 559 and 560 (the Amendment Papers) which introduce a number of additional matters to the Bill including, primarily, a relaxation of thin capitalisation rules for foreign investment in New Zealand infrastructure projects. The Bill has now been enacted as the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act 2026.

The Bill was introduced in August last year and its contents were covered in our previous [Tax Tips](#). In summary, the key items contained in the Bill included:

- Introduction of rules for non-resident visitors / digital nomads

- Tweaking settings around employee share schemes
- Introduction of the revenue account method in relation to foreign investment fund income
- Limited fringe benefits tax reforms

The revised Bill, and the accompanying Amendment Papers, make some changes to what was previously signalled and introduce some additional changes. We discuss some of the key changes in this [Tax Tips](#):

- Thin capitalisation - settings for infrastructure investment
- Student loans – discretion to provide relief from interest
- Tax pooling – income tax debt pilot
- GloBE rules – remedial timing amendment
- In-work tax credit – base rate increase

## Singapore

### 2026 Budget

The 2026 Budget Statement was delivered on 12 February 2026. Visit our [budget page](#) for details.

### Registration for Multinational Enterprise Top-up Tax and Domestic Top-up Tax

On 31 December 2025, the Inland Revenue Authority of Singapore (IRAS) published guidance on the online registration process for Multinational Enterprise Top-up Tax (MTT) and Domestic Top-up Tax (DTT). The 'Form for Registration of MNE Group under the Multinational Enterprise (Minimum Tax) Act 2024' has also been issued, although online submission will only be accepted beginning in May 2026, with the exact date to be communicated soon.

In addition, on 7 January 2026, the IRAS issued the [second edition of its Pillar Two e-Tax Guide](#). Among the notable changes are:

- Extended record-keeping periods of up to 10 to cater to certain look-back provisions under the legislation (e.g. recapturing deferred tax liabilities). This potentially increases the compliance burden for affected MNE groups.
- The 'annual revenue' is clarified to refer to the consolidated group revenue in the UPE's consolidated financial statements. Different revenue line items should be aggregated. Appropriate adjustments should be made for items such as cost of sales and other operating expenses, net investment gains, and extraordinary or non-recurring income/gains which may be included within revenue.

For consistency in determining whether the relevant Euro-denominated thresholds are met, MNE groups with non-December year ends whose UPE presentation currency is not in Euro should apply the average exchange rate for the month of December of the previous financial year when converting amounts into Euros.

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## Singapore (continued)

The IRAS also revised its [e-Tax Guide](#) on the tax exemption for foreign income to clarify the treatment of Pillar Two taxes when assessing whether the relevant qualifying conditions for tax exemption are met.

## South Korea

### Tax news

- Proposed amendments to the enforcement rules following the 2025 Tax Law changes
- NTS highlights key tax change considerations for 2025 corporate tax filings
- NTS Guidance on the new separate taxation regime for dividends from high-dividend companies
- Local tax revenue reaches KRW 120.9 Trillion in 2025, up KRW 6.8 Trillion from 2024

### Rulings update

- Application of R&D expenditure requirements for tax credit on acquisition of technology-innovative shares through spin-off

For more updates and details on tax news, changes in tax laws and rulings update:

- [Korean Tax Update: Samil Commentary March](#)

## Vietnam

### Important new rules for the new corporate income tax framework

On 12 March, the Ministry of Finance issued Circular 20/2026/TT-BTC, providing guidance on implementation of the Law on Corporate Income Tax 2025 and Decree 320/2025. Circular 20 takes effect from 12 March 2026 and applies from the 2025 tax year onward.

Circular 20 focuses on documentary, procedural and administrative guidance, and therefore plays a critical role in determining how enterprises apply the new CIT framework in practice. Circular 20 will have major implications both for Vietnamese enterprises and for foreign enterprises doing business in, or deriving income from, Vietnam.

### New VAT regulations

On 11 December, the National Assembly passed Law No. 149/2025 amending the Value-Added Tax Law No. 48/2024. In addition, the Government issued Decree 359/2025 to provide guidance on Law 149.

These changes took effect from 1 January, aiming to resolve existing issues related to VAT refunds, support the agricultural sector, and update regulations for household and individual business operators.

This Newsbrief highlights the key changes and guidance.



# Asia Pacific Financial Services Tax

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