Asia Pacific Financial Services Tax Highlights

May – July 2025

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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

Australia's new thin capitalisation regime: preparing for 2025 tax return disclosures

The ATO has released the new income tax return forms and schedules for the 2025 income year, providing details of the revised disclosures required on matters relating to the new thin capitalisation regime and debt deduction creation rules.

Additional reading:

- Tax Alerts
- Monthly Tax Update

Hong Kong

Court of Final Appeal unanimously upholds that UK LLPs do not have issued share capital, and therefore are not eligible for stamp duty relief

On 16 June, the Court of Final Appeal (CFA) delivered its decision in the case of John Wiley & Sons UK2 LLP and another v. The Collector of Stamp Revenue. The main issues were whether a limited liability partnership (LLP) counts as a "body corporate" under Section 45 of the Stamp Duty Ordinance (SDO), and whether an LLP has "issued share capital" as required by that section.

The CFA judges unanimously agreed with the earlier Court of Appeal decision. They held that "issued share capital" in Section 45 should be understood in its usual company law sense. Since members’ interests in a UK LLP are not the same as "issued share capital," a UK LLP does not meet this requirement under Section 45. As a result, the LLPs in this case were not considered "associated bodies corporate" and were not eligible for the related stamp duty relief.

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Hong Kong (continued)

Reduction in filing frequency for stock borrowing transaction returns

On 28 May, the Hong Kong Stamp Office announced that the Return of Stock Borrowing Transactions now only needs to be filed once a year instead of twice a year. This change takes effect immediately. Borrowers do not need to file a Return for the six months ending 30 June 2025. The next required Return will cover the whole year from 1 January to 31 December 2025, and it must be submitted by 31 January 2026.

India

Incentivisation of International Financial Services Centre (IFSC)

In order to promote the development of world-class financial infrastructure in India, several additional tax concessions have been provided to units located in IFSC, under the Income-tax Act (the Act). Additional incentives provided under the Finance Act, 2025 are set out here.

Extension of sunset date for tax exemptions on making investment in India by sovereign wealth funds and pension funds

To give global investors more time and certainty to invest in India's infrastructure, the Indian Government has extended the deadline for sovereign wealth funds and pension funds to make qualifying investments. The new deadline is now 31 March 2030, instead of the earlier 31 March 2025, as per the Finance Act, 2025.

South Korea

Reporting requirements for foreign financial accounts

The National Tax Service (NTS) now requires residents and domestic corporations, including those in the financial services sector, to report overseas financial accounts if the aggregate balance exceeds KRW 500 million at any month-end during the 2024 calendar year.

This includes:

- All types of financial assets: cash, stocks, bonds, collective investment securities, insurance policies, derivatives and virtual assets.
- Virtual assets held with foreign virtual asset service providers (trading and exchange accounts) are included, while non-custodial or decentralised wallets are excluded.
- Both nominal and actual owners must report, and each joint account holder must file separately.

Penalties for non-compliance:

- A fine of 10% of the unreported or underreported amount.
- For amounts exceeding KRW 5 billion, potential criminal penalties (up to two years imprisonment or fines of 13–20% of the amount).
- Public disclosure of violators' personal information is possible.

Tax incentive and credits for strategic and financial sectors

Tax credits are being introduced for domestic production in strategic industries, which may include financial technology (fintech) and digital asset services if they utilise advanced or national strategic technologies.

For more updates and details:

- Korean Tax Update: Samil Commentary June

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Malaysia

Expansion of scope of Sales Tax and Service Tax effective from 1 July 2025

The Ministry of Finance issued a press release on 9 June informing that the effective date for the expansion of scope of Sales Tax and Service Tax (SST) as announced in the Budget 2025 speech is 1 July 2025. The expansion of scope of the SST encompasses the following:

- Sales Tax at rates of 5% or 10% applies to selected discretionary and non-essential goods; and
- Scope of the Service Tax is expanded to cover additional services such as rental or leasing, construction, financial, private healthcare, education, and beauty services.

Extension of time for e-Invoice implementation

The Inland Revenue Board (IRB) issued a media release on 5 June announcing the Ministry of Finance's (MOF) decision to allow micro, small and medium enterprises more time to prepare for the implementation of e-Invoicing. In addition, taxpayers with annual turnover / revenue below RM500,000 have been granted exemption from e-invoicing.

Forest City SFZ single family office scheme

Announced in September 2024, the Single Family Office Incentive Scheme in Forest City offers a 0% income tax rate on eligible investment income for up to 20 years, provided the office manages at least RM30 million in assets, meets local investment requirements, and has real economic activity in Malaysia. Employees benefit from a reduced 15% income tax rate.

At the recent Single Family Office Summit, the Securities Commission announced further incentives: a one-time exemption from capital gains tax and stamp duty on transferring qualifying assets into the family office.

Permitted investments include listed shares, bonds, Islamic capital market products, Malaysian private companies (except property-only SPVs), and real estate in Forest City.

Bank Negara Malaysia will also provide capital flow flexibility.

To attract families and professionals, a Resident Pass Talent Visa - valid for up to 20 years and covering family members and foreign professionals - will be available.

MDEC guidelines – Forest City SFZ tax incentive

Following the recently issued Guidelines for the Forest City Special Financial Zone Tax Incentive Package by the Malaysian Investment Development Authority, the Malaysia Digital Economy Corporation has issued Guidelines and FAQs on tax incentives for fintech-related activities, financial global business services and foreign payment system operators. These incentives form part of the suite of incentives designed to position Forest City, Johor, as a competitive international business hub.

For more updates and details:

- TaXavvy

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New Zealand

Budget 2025 – round up of tax announcements

Finance Minister Nicola Willis announced the Government's 2025 Budget on 22 May. The so-called "growth budget" includes tax announcements that focus on attracting foreign investment, encouraging spending on infrastructure and productive assets, and amending rules to attract skilled migrants.

See here for an outline on what the Government has dubbed the 'Investment Boost' - an accelerated depreciation scheme, possible changes to the thin capitalisation rules, tweaks to KiwiSaver, employee share schemes (ESS), fringe benefit tax (FBT), foreign investment fund (FIF) rules and impacts on FamilyBoost and Working for Families. We also provide an update following the consultation on potential tax changes in relation to the not-for-profit (NFP) sector, and note Inland Revenue's increased funding for compliance and collection.

Additional reading:

- Tax Tips

Philippines

A collection of current and important tax and legal rulings, issues and updates in the Philippines, is available here.

Thailand

Implementing DGN 457: shifting all withholding tax agent activities to electronic platforms

Under previous rules, companies acting as agents for income payers to handle withholding tax (WHT) had to navigate several manual processes, including creating written contracts and filing form PND53. However, with the new guidelines (DGN 457) from the Revenue Department, these processes have shifted online. Now, all agent agreements, including stamp duties, must be executed electronically through the Revenue Department's e-filing system. Additionally, WHT agents managing multiple payers need to authorise and agree to the new terms digitally. See here for more details.

Vietnam

Vietnam updates capital gains tax rules

Vietnam has recently enacted legislation updating its capital gains tax rules, which will come into effect on 1 October 2025, with further details expected to be released soon.

Currently, foreign corporate investors are subject to tax at 20% on gains made from the sale of shares in non-public joint stock companies and from the sale of interests in limited liability companies. Under the updated capital gains tax rules, the 20% rate on gains will be replaced by a tax on the disposal proceeds. The updated rules are also expected to apply to indirect transfers, although specific details have not yet been provided. See here for more details.

Other international tax updates

President Trump signs H.R. 1, the "One Big Beautiful Bill Act"

President Trump signed H.R. 1, the "One Big Beautiful Bill Act," into law on 4 July, following narrow passage in both the House and Senate. The legislation enacts major tax changes for individuals and businesses, including permanent extensions and modifications of key 2017 TCJA provisions, new and revised tax relief measures, adjustments to state and local tax deduction caps, and changes to business investment incentives and clean energy credits. The bill also increases funding for immigration and defence, reduces spending on Medicaid and other programs, and raises the federal debt limit by $5 trillion. Fiscal projections estimate significant increases in federal deficits over the next decade, with the impact varying depending on the baseline used. The law's wide-ranging provisions will have substantial effects on taxpayers, businesses, and the broader economy.

See here for a detailed overview of the final version of H.R. 1 as passed by the Senate and now by the House.

Asia Pacific Financial Services Tax

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