



# Asia Pacific Financial Services Tax Highlights

November 2025 – January 2026

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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

### ATO 2025-26 GST strategy for financial services and insurance

The Australian Taxation Office (ATO) released its 2025-26 goods and services tax (GST) strategy for the financial services and insurance (FSI) sectors. The strategy outlines the areas the ATO's FSI GST team will focus on during the current financial year and provides insights into the GST risk areas the ATO believes are impacting these sectors.

### Draft guidance for completing the Public country-by-country (CBC) report

The ATO released draft guidance on the Australian Public Country by Country (CBC) report, including [draft instructions](#) on how to prepare Public CBC reports and the [XML Schema](#) for the file.

The Public CBC reporting regime, commencing for reporting periods starting on or after 1 July 2024, requires certain large groups to publicly disclose selected tax and financial information for Australia, specified countries and the rest of their global operations. Although the consultation on the draft guidance closed on Friday 28 November 2025, the draft guidance provides practical insights for those working to prepare their first Australian Public CBC report.

Additional reading:

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

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## Hong Kong

### Hong Kong issues consultation paper on CARF and CRS 2.0

On 9 December 2025, Hong Kong Financial Services and the Treasury Bureau and Inland Revenue Department published a consultation paper on the Implementation of Crypto-Asset Reporting Framework (CARF) and Amendments in relation to Common Reporting Standard (CRS) in Hong Kong. The [document](#) requests feedback on proposals for how the regimes will be adopted, implemented, and updated in Hong Kong.

Key points to note include confirmation of the timelines expected for both CARF and CRS 2.0 as well as the introduction of mandatory registration requirements for financial institutions and reporting crypto-asset service providers.. The document also includes proposals for an enhanced penalty regime and record-keeping requirements which are broadly aligned across both regimes.

### **IRD updates FAQs on the HK / Chinese Mainland CDTA**

In December 2025, the Hong Kong Inland Revenue Department (IRD) updated the frequently asked questions (FAQs) on the comprehensive double taxation arrangement between Hong Kong Special Administrative Region (Hong Kong) and the Chinese Mainland (HK / Chinese Mainland CDTA).

The updates clarify the determination of tax residence status in cases where an individual qualifies as a resident of both sides at the same time (i.e. tie-breaker rules). Specifically, the IRD uses individuals who hold domiciliary registration (also known as household registration or 'hukou') in the Chinese Mainland and who have been admitted to work in Hong Kong under a talent admission scheme as examples to illustrate how the rules apply in practice, which are summarised as follows:

- Question 8 has been updated to include a reference to the detailed interpretation on the tie-breaker rules under the Guoshuifa 2010 No. 75 issued by the State Taxation Administration (STA). Please note that Guoshuifa 2010 No. 75 was issued by the STA many years ago to set out its interpretation of the provisions of the Chinese Mainland / Singapore CDTA. The update to Question 8 clarifies that the interpretation of the tie-breaker rules under Guoshuifa 2010 No. 75 also applies to the HK / Chinese Mainland CDTA, rather than introducing any change of interpretation.
- Questions 17 to 21 have been newly added to illustrate the determination of tax resident status under the HK / Chinese Mainland CDTA in certain circumstances.

Whilst this is primarily applicable to an individual's personal tax status, we would also encourage FIs to consider how it may be applied when testing for reasonableness of documentation provided for FATCA and CRS purposes.

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## India

### IFSC update

- [Circular on Stewardship Code](#): International Financial Services Centres Authority (IFSCA) introduced a Framework on Stewardship Code in Oct 2025 for Fund Management Entities and institutional investors to promote responsible investing, focus on monitoring, conflict management, voting, and transparency.
- [International Financial Services Centres Authority \(Global In-House Centres\) Regulations, 2025](#): introduced to support the growth of high-value services delivered from GIFT IFSC and development of GIFT IFSC as a hub for GICs.
- [FAQs on IFSCA \(TechFin and Ancillary Services\) Regulations, 2025](#): issued to offer guidance on TechFin and Ancillary Services (TAS) Regulations, 2025, covering eligibility, compliance norms, migration from previous framework and operational requirements for entities in GIFT IFSC.

### FPI update

- The Securities Exchange Board of India (SEBI) issued a consultation paper in December 2025 consolidating and simplifying the FPI/DDP guidelines aiming for regulatory clarity and ease of doing business. See: [SEBI | Consultation Paper on Review of Master Circular for Foreign Portfolio Investors \(FPIs\) and Designated Depository Participants \(DDPs\)](#)
- SEBI integrated Digital Signature Certificates (DSCs) functionality into the Common Application Form (for seeking FPI registration), allowing FPIs to obtain DSCs during onboarding for a seamless, digital-first process. See: [SEBI Press release - SEBI Facilitates Seamless DSC Functionality for FPIs](#)

### Regulatory update

- Certification requirement introduced for compliance officers of managers of alternative investment funds
- New framework for accredited investors only fund and relaxations to large value funds for accredited investors notified by SEBI.

### Tax news

- DTAA between India and Qatar revised to include principal purpose test, widen definition of PE, reduce dividend tax rate, etc.
- Tribunal, relying on Apex Court's decision in Nestle SA, held that in the absence of country-specific notifications, MLI provisions do not attain binding legal force, and separate notifications are mandatory to implement treaty modifications under the MLI.

### Additional reading

- [Tax & Regulatory Insights](#)

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## Japan

### 2026 Japan Tax Reform Proposals for the financial services industry and real estate market

On 19 December 2025, the Japanese government released their 2026 Tax Reform Proposals. The linked newsletter provides a brief and immediate summary highlighting significant developments relevant to the financial services industry and real estate market, including:

- Revisions to special provisions for taxation of foreign partnership members
- Revisions to taxation methods related to crypto-asset transactions
- Revisions to the Combined Tax System for Foreign Subsidiaries (CFC Tax Regime), etc.
- Among others

For an overview of the other 2026 Tax Reform Proposals: [link](#)

## New Zealand

### Tax treatment of 'digital nomads'

The New Zealand (NZ) government has released draft legislation which would see an overhaul of the tax treatment for visitors to NZ who work while in NZ – often referred to as digital nomads.

Broadly, where the work is not otherwise connected to NZ (i.e., not being performed for a NZ resident or branch, offering goods or services to people or businesses in NZ or work that is required to be performed in NZ), the person is in NZ for 275 days or fewer over an 18-month period and the person is tax resident in a jurisdiction with a tax regime that is substantially similar to NZ's income tax regime, they should not be subject to NZ personal tax obligations.

To complement the personal tax changes, the draft legislation also proposed:

- Specific income tax exemptions for services income earned by a 'non-resident visitor'

- Modifications to the definition of permanent establishment to exclude the activities of a non-resident visitor and
- Activities of a 'non-resident visitor' should be disregarded when considering the tax residency of a foreign company – in particular, disregarding the decisions undertaken by the non-resident visitor when applying the centre of management and director control rules (provided the foreign company is tax resident in a jurisdiction with a tax regime that is substantially similar to NZ's income tax regime).

These proposed amendments would revamp the currently outdated tax rules which do not work well with a highly mobile global workforce. We expect these proposed changes will ease the compliance burdens for non-resident employers and non-resident individuals who wish to work and travel more flexibly.

## Singapore

### Transfer pricing guidelines – 8<sup>th</sup> edition issued

The Inland Revenue Authority of Singapore (IRAS) issued the Eighth Edition of the Transfer Pricing Guidelines (TPG8) on 19 November 2025. This high-level summary is intended to provide an insight into the nuanced updates and amendments resulting from the publication of TPG8. These include:

- Updates to treatment of related party domestic loans where both parties are not in the business of lending and borrowing
- New Simplified and Streamlined Approach/Amount B framework

IRAS released updates on Pillar Two e-tax guide. For a summary of the notable changes: [link](#)

**The Singapore 2026 Budget Statement** will be delivered on 12 February. Read our recommendations and stay tuned for our analysis and insights.

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## South Korea

### Tax news

- National Assembly's Planning and Finance Committee approves the 2025 tax reform package with modifications
- MOEF's Bill to Amend Presidential Decrees of Tax Laws for the 2025 Tax Reform
- NTS to provide tax support for foreign-invested companies, including deferred tax audits
- KCS releases guidelines on issuing revised import VAT invoices

### Rulings update

- Whether the pre-spin-off operating period would be included in determining eligibility for the tax credit for acquisitions of shares in technology-innovative SMEs.
- Whether the designation of a related party entitled to exercise the call option to buy convertible bonds would be subject to the denial of the unfair transaction rule

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

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

### **Government's bill to amend presidential decrees of tax laws**

The Ministry of Economy and Finance (MOEF) has announced a government bill proposing amendments to the Presidential Decrees of tax laws (the Bill). This follows the amendment of tax laws at the end of December 2025. The Bill, announced on 16 January 2026, seeks public comments until 5 February 2026. The final version of the Bill will be proclaimed at the end of February 2026 after finalisation in a cabinet meeting. If approved, most of the proposed amendments will take effect from the date the amended rules are proclaimed or from the fiscal year in which the effective date falls, unless otherwise specified.

## Vietnam

### **Capital gains tax – implementing decree issued**

On 15 December 2025, Vietnam released the final implementation decree for the updated capital gains tax rules. The key features of the updated capital gains tax rules are set out below:

- Capital transfers by foreign corporate sellers are subject to 2% corporate income tax (CIT) on sale proceeds.. This does not apply to internal group restructurings where the ultimate parent company of the Vietnamese subsidiary remains unchanged and no gains arise.
- Indirect capital transfers are taxable.
- Securities transfers by foreign corporate sellers remain subject to 0.1% CIT on proceeds.

These new rules take effect from the date Decree 320 comes into force, which is 15 December 2025.

For an overview on updates to the capital gains tax rules: [link](#)

## Other international tax updates

- OECD announces agreement on a range of new Pillar Two safe harbours. On 5 January 2026, the OECD announced that 147 members of the Inclusive Framework (IF) on BEPS have agreed to a new [package of administrative guidance](#) under the Pillar Two global minimum tax rules (the 'GloBE rules'). The agreed 'Side-by-Side Package' (the Package) includes: a permanent simplified Effective Tax Rate (ETR) safe harbour; a one-year extension of the transitional Country-by-Country reporting (CbCR) safe harbour; a substance-based tax incentive safe harbour; a Side-by-Side (SbS) safe harbour and an Ultimate Parent Entity (UPE) safe harbour for eligible countries, and a commitment to conduct future stocktakes of the SbS and UPE safe harbours. [Read more.](#)

Access the library of monthly updates [here](#).



# Asia Pacific Financial Services Tax

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