The Budget, announced on 28 February 2018, proposed important changes to the salaries tax system:

However, employers who may have already settled the 2016/17 salaries tax on behalf of their tax-equalised expatriates/assignees who have already departed from Hong Kong and completed their tax clearance, arranging for refunds may be an administratively challenging process.

As such, employers should consider whether and how to recover such refunds, as well as communicating this to affected individuals.

Read more
India
Union Budget 2018 includes proposals impacting personal taxes

To highlight the proposals that may impact globally mobile employees, made on 1 February 2018:

**Proposed increases in ‘Health and Education Cess’** (additional levy imposed by the government on the tax liability to finance healthcare and education spending), which effectively will **raise the maximum tax rate for income** above INR10 million from the current rate of 35.54% to 35.88%.

**Proposal to reintroduce the standard deduction of INR40,000 will be nullified by the increase in Cess and withdrawal of the existing tax concession for transport allowances and medical expense reimbursements.**

A **10% tax** is proposed on long-term capital gains exceeding INR100,000 on the sale of listed equity share, or unit of an equity-oriented fund, or unit of a business trust.

**Compensation or other payments in connection with the termination of employment, or modification in the terms of contract, is proposed to be taxed as “income from other sources.”**

Authority for Advance Ruling (AAR) rules that tax treaty relief is available at withholding stage

Recently, the AAR has held that an employer was not required to withhold taxes on salary paid to a non-resident (NR) employee in India, so long as the salary was not subject to tax in India.

They have also confirmed that in case of resident employees subjected to taxation on overseas income, the employer may withhold the taxes after allowing a credit towards taxes paid in the foreign country.

**The increase of the Cess rate and other proposed changes above will raise the effective tax rate and push up the cost of mobility for higher-income employees. Employers should consider how to communicate the proposed changes to affected employees, and changes to policy may be required to mitigate the expected increase in the cost of living.**

Singapore
2018 Budget delivers very few changes for globally mobile populations

**Changes proposed in Singapore’s 2018 Budget will not have much impact on globally mobile employees and their employers. The income tax rate remains unchanged, with only minor increases in the cost of living – expected from changes to the Foreign Domestic Work Levy. The Good and Services Tax (GST) will eventually rise from the current rate of 7% to 9%, sometime between 2021 and 2025.**