



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 27 October 2016



## Budget Announcements



### Malaysia: Tax proposals in 2017 budget

The prime minister on 21 October 2016 tabled the 2017 budget. There are tax proposals in the 2017 budget including measures for:

- A reduction in the corporate income tax rate based on an increase in chargeable income
- A reduction in the corporate income tax rate for small and medium enterprises (SMEs)
- An expansion of Halal products eligible for tax incentives
- An increase in the tax deduction for sponsoring arts, cultural, and heritage activities
- An extension of certain tax incentives (Islamic banking, Takaful businesses, hotels, vendor development programs)
- An extension and expansion of the scope of the double deduction for the structured internship program
- An increase in the stamp tax on real property
- Individual (personal) tax relief including tax relief on fees paid for childcare
- Review of the goods and services tax (GST) treatment in free zones and warehousing, and GST relief for disabled persons.

Read a [Budget snapshot](#) and [2017 Budget highlights](#)

# Asia Pacific Tax Developments

## Australia

### **Australia: Are you across recent import GST changes?**

The Tax and Superannuation Laws Amendment (2016 Measures No. 1) Act 2016 (the Act) implemented a range of changes, including providing an alternate method for the calculation of overseas freight and insurance where those amounts are unknown at the time of importation.

The Department of Immigration and Border Protection (DIBP) has released DIBP Notice 2016/33, outlining the impact of these changes.

[More details](#)

### **Australia: ATO simplifies calculation of car fringe benefits**

The Australian Taxation Office (ATO) released *Practical Compliance Guidelines (PCG) 2016/10 Fleet Cars: simplified approach for calculating car fringe benefits*.

These guidelines provide an optional, simplified approach to working out the business use percentage car fringe benefits for employers with a fleet of 20 or more 'tool of trade' cars.

[More details](#)

### **Australia: Employees in regional Queensland**

KPMG Australia looks at the Queensland Government's Back to Work regional jobs scheme introduced 1 July 2016. Under the scheme, you may be eligible for the following:

- Up to \$10,000 for hiring workers who have been unemployed for at least 4 weeks.
- Up to \$15,000 for hiring workers who have been unemployed for at least 52 weeks.

[More details](#)

### **Australia: How the ATO is creating closer engagement with stakeholders**

At an industry event held in Australia last week, the ATO showcased what they had consulted on, how they consulted, who they consulted with and what outcomes are of consultation.

KPMG Australia outlines the ATO's efforts to create closer engagement with stakeholders for better tax law and administration outcomes.

[More details](#)

### **Australia: R&D Tax – October 2016 deadlines**

KPMG Australia reminds companies with a 31 December balance to register R&D activities before the 31 October 2016 deadline to receive the full rate of the Incentive.

[More details](#)

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## China

### China: Tax Weekly Update - Issue 40

KPMG China has issued a newsletter that provides various tax updates on:

- SAT enhances APA administration
- SAT public discussion draft drives CRS rollout
- VAT general tax payer status to be piloted in special customs supervision zones
- Measures to deepen reform of the business system
- OECD launches business survey on tax certainty
- China to better regulate Internet Finance.

[More details](#)

### China: Customs audit regulations effective 1 November 2016

New customs audit rules, issued by China's General Administration of Customs, are effective 1 November 2016.

The new measures provide guidelines in implementing customs audit regulations and specify and refine various items in the operation and implementation of the customs audit regulations.

[More details](#)

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## India

### India: "Expeditious refunds" required of tax officer

The Bombay High Court in addressing a taxpayer's writ for mandamus, held that the Assessing Officer is to make a determination about a taxpayer's request for refund independently and directed the Assessing Officer to consider and process the taxpayer's representation to process the return and refund request as expeditiously as possible, within a period of eight weeks.

[More details](#)

### India: Penalty for "inaccurate particulars" on return

The Mumbai Bench of the Income-tax Appellate Tribunal held that when a taxpayer claimed both a deduction for expensing the purchase of fixed assets and depreciation on the assets (thus, a double deduction), a penalty applies because the claim itself was not bona fide and lacked good faith. Information provided by the taxpayer on the tax return was given to gain a tax advantage that otherwise the taxpayer was not entitled to, and this attempt was termed as a "filing of inaccurate particulars."

[More details](#)

## India: Sale of partnership, taxable as capital gain

The Supreme Court held that the taxpayer, a partner, was liable for capital gains tax on the sale of the partnership because the partnership's assets were "capital assets" as defined by a provision of India's tax law. The high court observed that sale of a partnership as a "going concern" could be treated as "slump sale" only if there were no values assigned to the separate assets and liabilities.

However, in the taxpayer's case, value was not only assigned to the assets, but even the liabilities were addressed when the amount of sale was apportioned among the outgoing partners. There was a specific and separate valuation for land as well as building and also machinery.

[More details](#)

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## Indonesia

### Indonesia: Reduced rate of tax on income from land, building rights transfers

A government regulation in Indonesia reduces the rate of tax on income realized on transfers of land or building rights to 2.5% from 5%.

[More details](#)

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## Singapore

### Singapore: GBF v The Comptroller of Income Tax (2016) SGITBR 1

In this case before the Income Tax Board of Review (Board), the Comptroller of Income Tax (CIT) invoked the general anti-avoidance provision under Section 33 of the Singapore Income Tax Act (SITA) to disregard an arrangement by the Appellant to receive his physician compensation. The Board decided in favour of the CIT.

KPMG in Singapore reviews the decision of the Board and the implications that the decision would have on the application of Section 33.

[More details](#)

### Singapore: Country-by-country reporting guide

The Inland Revenue Authority of Singapore released a guide on country-by-country (CbC) reporting that requires multinational enterprise groups with a Singapore-based ultimate parent company to compile information on the group's profits from worldwide operations.

[More details](#)

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## Vietnam

### Vietnam: Draft decree to implement transfer pricing standards, BEPS recommendations

The Ministry of Finance released a draft decree on transfer pricing that is being viewed as an intention to adopt and implement base erosion and profit shifting (BEPS) recommendations relevant to Vietnam.

[More details](#)

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## Significant International Tax Developments



### OECD: Five jurisdictions agree to automatic exchange of country-by-country reports

The Organisation for Economic Cooperation and Development (OECD) announced that Brazil, Guernsey, Jersey, the Isle of Man, and Latvia signed the Multilateral Competent Authority Agreement (MCAA) for the automatic exchange of country-by-country reports.

[More details](#)

### OECD: MAP peer review, for resolving treaty-related disputes

The OECD released certain documents under base erosion and profit shifting (BEPS) Action 14 that will form the basis of the Mutual Agreement Procedure (MAP) peer review and monitoring process with respect to effective dispute resolution mechanisms to resolve tax treaty-related disputes.

[More details](#)

### OECD: Update on CRS implementation across jurisdictions

The OECD announced as a further step on the implementation of the “common reporting standard” (CRS), the first series of bilateral automatic exchange relationships established among the first batch of jurisdictions committed to the automatic exchange of information as of 2017.

[More details](#)

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## Beyond Asia Pacific

### Brazil: Accounting for foreign exchange rate differences, changes

Guidance issued by the Brazilian Central Bank authorities concerns accounting procedures for recognition of the effects of exchange rate differences and changes resulting from foreign currency transactions, about financial statements of foreign investees, and transactions involving hedges of foreign exchange and on foreign investments.

[More details](#)

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### TaxNewsFlash by Region

For the latest tax developments from other regions see the following links:

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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