



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 05 January 2017



Asia Pacific Tax Developments

Asia Pacific

Asia Pacific: General Tax Update for Financial Institutions in Asia Pacific – Issue 57

A summary of the key changes in the tax legislation and regulations affecting financial institutions in the Asia Pacific region.

[More details](#)

Cambodia

Cambodia: Tax Alert 2017/Issue 01

The Ministry of Economy and Finance (MEF) has issued a new Prakas no. 1535 MEF to set out the guideline for tax adjustment of the provision for doubtful and loss loan for local banks and local micro-finance institutions (MFIs).

[More details](#)

China

China: Significant retrospective changes introduced to clarify VAT reform policies

China's Ministry of Finance (MOF) and State Administration of Taxation (SAT) jointly issued Circular Caishui [2016] 140 (Circular 140) which sets out new Value Added Tax (VAT) rules applicable to those sectors which recently transitioned from Business Tax (BT) to VAT, being financial services, real estate and construction services, and lifestyle services.

[More details](#)

China: Tax Weekly Update - Issue 49

KPMG China issues a newsletter that provides various tax updates on the followings:

- Draft E-commerce Law in development
- EU Commission decision on Apple State Aid tax case
- Further VAT implementation rules (Cai Shui [2016] No. 140)
- State Council to adjust VAT rebates method (Guo Fa [2016] No. 71)
- China releases 2016 Catalogue of Investment Projects (Guo Fa [2016] No. 72)
- MOFCOM clarifies FIE establishment and alteration rules (Shang Zi Han [2016] No. 954)

[More details](#)

India

India: Capital gains, on partnership conversion to company

The Bombay High Court held that as capital gains were not chargeable at the time of a partnership's conversion into a private limited company they could also not be chargeable under Section 47A of the Income tax act.

[More details](#)

India: Company Act rules relating to compromises, arrangements, amalgamations and capital reduction

The Ministry of Corporate Affairs issued guidance relating to the procedure for compromises, arrangements, and amalgamations under provisions of the Companies Act 2013.

[More details](#)

India: Foreign exchange gains realised treated as capital receipt

The Calcutta High Court held that the amount of foreign exchange gains realised had the characteristics of a capital receipt being return, when arising out of blocked funds.

[More details](#)

India: Motor racing championship circuit constitutes PE

The Delhi High Court looked to the taxpayer's (Formula One World Championship Limited's) physical presence in a geographical area, to find that they carried on business in India for the duration of a Formula One race (in this case, two weeks before the race and one week after the race).

[More details](#)

India: Intra-group services

The Punjab and Haryana High Court held that services rendered between the taxpayer and its associated enterprise are not necessarily required be recorded in writing, but can be communicated orally.

[More details](#)

India: Plans to curb “black money” in tax law

Too curb “black money,” bank notes of existing series in denominations of INR500 and INR1000 have been withdrawn by the Reserve Bank of India. Concerns have been raised that certain tax law provisions could possibly be used for concealing “black money”.

Accordingly, the government has introduced the Taxation Laws (Second Amendment) Bill, 2016 in the parliament to amend the provisions of the Income-tax Act, 1961 and the Finance Act to provide that defaulting taxpayers are subjected to tax at a higher rate and at a stringent penalty.

[More details](#)

India: Procedure for furnishing and verification of Form 26A/27BA

The Central Board of Direct Taxes issued guidance on the procedure for electronic filing of Form 26A/27BA for short deduction/collection and non-deduction/collection of tax withheld at source.

[More details](#)

India: Reduced “deemed profit” rate for noncash transactions

The Central Board of Direct Taxes announced that in order to achieve the government’s mission of moving towards a “cashless economy” and to encourage small businesses to accept payments by digital means, the rate of “deemed profit” of 8% is reduced to 6% with respect to the amount of total turnover or gross receipts received through banking channel or digital means for the financial year 2016-17.

However, the existing rate of deemed profit at 8% will continue to apply in respect of total turnover or gross receipts when received in cash. It is expected that a legislative amendment to reflect this policy will be included in Finance Bill, 2017.

[More details](#)

India: Scope of “fees for technical services” under treaty with Switzerland

The Ahmedabad Bench of the Income-tax Appellate Tribunal considered the scope of “fees for technical services” under a Protocol to the India-Switzerland income tax treaty. In this proceeding, the tribunal held that payments made to a Swiss-based company for technical and consultancy service constituted “fees for technical services” under the income tax treaty.

[More details](#)

India: “Subvention” receipt from parent company not taxable as revenue receipt

The Supreme Court of India held that a “subvention” received from the parent company to recoup losses of a subsidiary is not taxable as a revenue receipt because it is a voluntary payment made by the parent company to its loss-making Indian company, and the payment is made to protect the capital investment.

[More details](#)

India: When to compute the section 10A deduction

The Supreme Court of India concluded that the deduction under section 10A of the Income-tax Act, 1961, is to be determined at the point when computing the gross total income of the eligible undertaking and not in the computation of total income.

[More details](#)

Japan

Japan: Taxation in Japan 2016

This booklet is intended to provide a general overview of the taxation system in Japan.

[More details](#)

Korea

Korea: Country-by-country reporting, transfer pricing reporting proposed changes

South Korea's Ministry of Strategy and Finance on 28 December 2016 released a proposal of details with respect to country-by-country (CbC) reporting.

[More details](#)

Malaysia

Malaysia: Withholding tax, royalty and service fee payments to non-residents

The Finance Bill 2016 was passed by the Dewan Rakyat on 23 November 2016 and includes significant changes to the Malaysian withholding tax treatment of royalty and service fee payments made to non-residents.

[More details](#)

New Zealand

New Zealand: Customs and excise tax bill referred for consideration

The customs and excise tax bill has been referred to Select Committee for consideration. The bill contains a number of changes to revise the customs and excise tax law.

[More details](#)

New Zealand: Draft guidance, exchanges under common reporting standard (CRS)

The Inland Revenue Department of New Zealand on 21 December 2016 issued a draft guidance document that provides guidance for financial institutions and others that may have New Zealand CRS obligations.

[More details](#)

New Zealand: Tax administration transformation proposals released

The latest release under the Inland Revenue's business transformation proposals includes:

- Support for Inland Revenue's information sharing with other government agencies, and narrow taxpayer confidentiality rules so they do not apply to non-taxpayer specific information
- An outline of rules for the collection of third-party data, for Inland Revenue's risk profiling and audit purposes, and transparency about its collection

- A goal to reduce the cost of Inland Revenue “certainty”, particularly for SMEs, in relation to binding rulings, and expanding the scope of the rulings regime
- Explicitly recognising the role of various intermediaries in the tax system
- Extending Inland Revenue’s administrative authority including the “care” and “management” discretion and allowing greater use of regulations to effect change

[More details](#)

New Zealand: Tax governance high on New Zealand’s agenda

KPMG New Zealand analyses the Internal Revenue’s compliance approach with regard to corporate tax governance.

[More details](#)

New Zealand: The opportunities party asset tax policy released

The Opportunities Party (“TOP”) founded by Gareth Morgan has released one of its key tax policies. It aims to close two “loopholes”:

- Accumulating wealth, including owner occupied housing, which produces little or no taxable income.
- Business assets that make a taxable return below “risk-free” NZ Government bonds.

[More details](#)

Singapore

Singapore: Agreements for automatic exchange of information under CRS

Singapore has entered into bilateral and multilateral agreements with a number of jurisdictions, to exchange financial account information on an automatic basis under the common reporting standard (CRS).

[More details](#)

Singapore: Global Indirect Tax Brief

In this issue, KPMG Global Indirect Tax Brief brings you the latest news on indirect tax developments from around the world.

As indirect tax rates continue to increase and the rules become more complex, maintaining an awareness of changes in this area is critical to ensure that they are implemented, reported and managed appropriately.

[More details](#)

Singapore: Tax Dispute Resolution Quarterly - Fall 2016 Issue

This publication covers a spectrum of news and developments in tax enforcement trends, IRS practice and procedure, global tax disputes, and state and local tax issues.

[More details](#)

Singapore: Updated FAQs on CRS; FATCA XML schema implementation

The Inland Revenue Authority of Singapore in late December 2016 issued updated “frequently asked questions” (FAQs) as guidance on the implementation of the common reporting standard (CRS) in Singapore.

[More details](#)

Thailand

Thailand: Tax calendar for 2017

This Tax Calendar is designed to assist, keep track of and meet the filing requirements of tax returns and payments.

[More details](#)

Calendar of Events

Date	Event	Location
10 January 2017	Forms IR8A/IR21 remuneration reporting workshop Contact person: Surani Hanna More details	Singapore

Significant International Tax Developments



OECD: Status of CRS exchange network

The Organisation for Economic Cooperation and Development (OECD) released an update on 23 December 2016 concerning the common reporting standard (CRS), reporting a further 350 bilateral automatic exchange relationships being established with over 50 jurisdictions committed to exchanging information automatically pursuant to the CRS starting in 2017.

[More details](#)

OECD: Updated guidance released, BEPS Action 4

The Organisation for Economic Cooperation and Development (OECD) released an updated version of the base erosion and profit shifting (BEPS) Action 4 report on 23 December 2016

[More details](#)

Beyond Asia Pacific

Argentina: Income tax treaty with Mexico

The Argentina-Mexico income tax treaty—expected to enter into force in 2018, after the completion of the ratification procedures—generally follows the OECD Model Tax Convention and allows for reduced rates of withholding tax on dividends, interest, royalties, capital gains, and certain other items of income.

[More details](#)

Belgium: Program law implementing Budget 2017 published

The program law implementing the Budget 2017 has been published in the Belgian Official Gazette of 29 December 2016.

[More details](#)

TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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