



# Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 05 April 2017



## Asia Pacific Tax Developments

### Australia

#### Australia: Simplifying Transfer Pricing - updated ATO guidance

KPMG Australia reviews the recently released ATO guidance on simplified transfer pricing record keeping options that reduces the Australian transfer pricing documentation compliance burden for certain taxpayers.

[More details](#)

### China

#### China: China Tax Weekly Update - Issue 12

The following matters are covered in this issue:

- OECD releases tax reports at G20 Leaders' Summit
- 2017 legislation work plan of the State Council (Guo Ban Fa [2017] No. 23)
- China to liberalize rules for foreign-invested banks (Yin Jian Ban Fa [2017] No. 12)
- China to further reduce "non-tax" fiscal burdens (Cai Shui [2017] No. 18)

[More details](#)

#### China: Incentive regime for establishing regional headquarters in Shanghai

The modified version of the *Incentive Scheme for the Establishment of Regional Headquarters by Multinational Companies in Shanghai* (Hufufa [2017] No. 9) was issued by the Shanghai Municipal Government on 27 January 2017. Hufufa [2017] No. 9 basically follows the logical sequence and concepts adopted in the previous version, with adjustments to and simplification of certain

requirements, and integrates a series of later incentives and policies developed at the state and regional level.

[More details](#)

---

## Hong Kong SAR

### Hong Kong SAR: Human resources and global mobility BEPS issues

The OECD base erosion and profit shifting (BEPS) initiatives pose issues for human resources and global mobility professionals.

If employees create a permanent establishment, there are two significant outcomes—the employer is exposed to the country's corporate tax and employer tax obligations, and the employee may be liable for personal tax even for short visits.

[More details](#)

---

## India

### India: Amortisation of expenses cannot be claimed on basis of amount received towards share premium

The Supreme Court held that the “share premium amount” collected by a company on its subscribed issued share capital is not part of “capital employed in the business of the company” for the purpose of Section 35D of the Income-tax Act, 1961. Therefore, amortisation of certain preliminary expenses under Section 35D of the Income-tax Act, 1961 cannot be claimed on the basis of the amount received towards share premium.

[More details](#)

### India: Employees' enrolment extended until 30 June 2017

The government of India has extended the employees' enrolment campaign 2017 from 31 March 2017 to 30 June 2017.

[More details](#)

### India: Five APAs signed, transactions involving management cross-charges

The Central Board of Direct Taxes (CBDT), has on 30 March 2017, signed five unilateral advance pricing agreements (APAs) involving transfer pricing issues for transactions of management cross-charges. The five APAs are signed for a period of nine years each.

[More details](#)

### India: Patent box regime rules

The government in India has created a concessional taxation regime for patent income to encourage local research and development activities and to make India a global R&D hub.

[More details](#)

### India: Payment for advertising is not taxable as royalty or “fees for technical services”

The Delhi Bench of the Income-tax Appellate Tribunal held that payments for advertising and publicity during certain sporting events (with or without the use of marks, identification or logo) are not taxable as royalty income under Section 9(1)(vi) of the Income-tax Act, 1961 because a sporting council had not imparted any information concerning technical, industrial, commercial or

scientific knowledge, etc. to the taxpayer. The consideration paid will be considered as royalty income only if it is paid for the use of any patent, invention, model, design, etc., or any services in connection with these.

[More details](#)

### **India: Simplified income-tax return forms**

The CBDT has revised the income-tax return (ITR) forms for assessment year 2017-2018. The total number of ITR forms has been reduced from nine to seven.

[More details](#)

---

## **Japan**

### **Japan: Tokyo local tax rate changes for companies postponed**

A bill to amend Tokyo's metropolitan tax law to postpone the timing of amendments to local tax rates with respect to companies was passed by the Tokyo Metropolitan Assembly on 30 March 2017.

[More details](#)

---

## **New Zealand**

### **New Zealand: "Reportable jurisdictions" list expected May 2017**

The New Zealand Inland Revenue has announced that, in anticipation of application of the common reporting standard (CRS) obligations in New Zealand, it is planning to publish its initial list of jurisdictions that New Zealand will exchange CRS information with by the end of May 2017.

[More details](#)

---

## **Singapore**

### **Singapore: Deductibility of interest expense incurred from capital restructuring**

In this case of *GBK v The Comptroller of Income Tax* [2016] SGITBR 3 before the Income Tax Board of Review (Board), the Comptroller of Income Tax (CIT) disallowed tax deduction of interest expense of S\$95.7m relating to shareholder bonds issued by the Appellant. The bonds represent a restructured form of capital from equity interest held by the shareholders previously. The Board decided in favour of the CIT.

[More details](#)

---

## **Thailand**

### **Thailand: All penalties, criminal fines and surcharges imposed under any tax laws can no longer be claimed as a deductible expense**

The new Board of Taxation Ruling No. 40/2560, which takes effect from 18 March 2017, confirms that Section 65 ter (6) of the Revenue Code, which provides that penalties, criminal fines and

surcharges are disallowable expenses in the determination of taxable net profits, shall apply to all tax laws and for all types of taxes.

[More details](#)

## Calendar of Events

Date	Event	Location
11 April 2017 – 26 April 2017	KPMG 2016-2017 Annual Customs Update Conference Contact person: <a href="#">KPMG China Market Services</a> <a href="#">More details</a>	Hangzhou, Suzhou, Shanghai, Guangzhou, Shenzhen, Xiamen, Fuzhou, Beijing, Tianjin, Shenyang, Qingdao
18 April 2017 - 19 April 2017	KPMG Goods and Services Tax (GST) Seminar 2017 Contact person: <a href="#">Shirley Tay</a> <a href="#">More details</a>	InterContinental Hotel, 80 Middle Road, Singapore 188966
19 April 2017	The Trump Administration and U.S. Tax Reform Contact person: <a href="#">KPMG China Market Services</a> <a href="#">More details</a>	KPMG office, 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong

## Thought Leadership



### China: A New Dawn for the International Tax System: Evolution from past to future and what role will China play?

The English version of the book, which was published by the International Bureau of Fiscal Documentation (IBFD), describes the development of the key components of the global tax system, in terms of law and administration, across countries and over time. It sets out China's position along the spectrum of global tax practices, with a particular focus on how China's policy positions and Chinese tax innovations may contribute to shaping the global tax consensus. A Chinese language version of the book is being prepared and will be published by the China Tax Press later this summer.

Editors of the books are Yuesheng Jiang, Deputy Director-General of the Jiangsu State Taxation Bureau, and Khoon Ming Ho, Head of Tax, KPMG Asia Pacific. Forewords to the book are provided by Dr Liao Tizhong, Director-General of the Department of International Tax at the State Administration of Taxation, and Raffaele Russo, Head of the BEPS Project at the OECD. The principal authors include Conrad Turley and Mario Petriccione from KPMG China, with contributions from other KPMG tax colleagues.

A series of launch events for the English version of the book are being planned in China, the UK, the US and Singapore in the coming weeks, with further launch events planned to coincide with the release of the Chinese version.

[More details](#)

---

## Beyond Asia Pacific

### EU: Free trade agreement with Canada, update

The European parliament has recently approved a free trade agreement (signed in October 2016) between the European Union and Canada. With this vote, the free trade agreement can enter into force once Canada completes its ratification procedures, which may be as early as 1 May 2017.

[More details](#)

### United States: 2017 U.S. Transfer Pricing Documentation Deadline Affected by New IRS Rules

U.S. transfer pricing documentation may provide penalty protection if it is prepared contemporaneously with the filing of a U.S. income tax return—the Form 1120, U.S. Corporation Income Tax Return, for C corporations. The deadlines for filing the Form 1120 is changing this year for many C corporations.

[More details](#)

---

### TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

---

# KPMG Asia Pacific Tax Centre Contacts

## Asia Pacific Regional Leader, Tax



**Khoon Ming Ho**  
**Head of Tax, KPMG Asia Pacific**  
T : +8610 8508 7082  
E : [khoonming.ho@kpmg.com](mailto:khoonming.ho@kpmg.com)

## Asia Pacific Tax Centre Leader, Regional Tax Partner



**Brahma Sharma – KPMG Asia Pacific Limited**  
**Asia Pacific Tax Centre Leader, Regional Tax Partner**  
T : +65 8186 7369  
E : [brahmasharma@kpmg.com.sg](mailto:brahmasharma@kpmg.com.sg)

## Service Line Specialists

### Transfer Pricing Services



**Tony Gorgas – KPMG in Australia**  
**Asia Pacific Regional Leader, Transfer Pricing Services**  
T : +61 2 9335 8851  
E : [tgorgas@kpmg.com.au](mailto:tgorgas@kpmg.com.au)

### Financial Services Transfer Pricing



**John Kondos – KPMG in China**  
**Asia Pacific Regional Leader, Transfer Pricing Services in the Financial Services Sector**  
T : +852 2685 7457  
E : [john.kondos@kpmg.com](mailto:john.kondos@kpmg.com)

### Indirect Tax Services



**Lachlan Wolfers – KPMG in China**  
**Asia Pacific Regional Leader, Indirect Tax Services**  
T : +852 2685 7791  
E : [lachlan.wolfers@kpmg.com](mailto:lachlan.wolfers@kpmg.com)

### Trade & Customs



**Angelia Chew – KPMG in Singapore**  
**Asia Pacific Regional Leader, Trade & Customs Services**  
T : +65 6213 3768  
E : [angeliachew@kpmg.com.sg](mailto:angeliachew@kpmg.com.sg)

### Global Compliance Management Services



**Oi Leng Mak – KPMG in Singapore**  
**Asia Pacific Regional Leader, Global Compliance Management Services**  
T : +65 6213 7319  
E : [omak@kpmg.com.sg](mailto:omak@kpmg.com.sg)

### Global Mobility Services



**Andy Hutt – KPMG in Australia**  
**Asia Pacific Regional Leader, Global Mobility Services**  
T : +61 2 9335 8655  
E : [ahutt@kpmg.com.au](mailto:ahutt@kpmg.com.au)

### International Tax



**Christopher Xing – KPMG in China**  
**Asia Pacific Regional Leader,**  
**International Tax**  
T : +852 2978 8965  
E : [christopher.xing@kpmg.com](mailto:christopher.xing@kpmg.com)

### Deal Advisory M&A Tax



**Angus Wilson – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Deal Advisory M&A Tax**  
T: +61 2 9335 8288  
E: [arwilson@kpmg.com.au](mailto:arwilson@kpmg.com.au)

### Research & Development (R&D) Tax Incentives



**Alan Garcia – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**R&D Tax Incentives**  
T : +61 3 9288 6094  
E: [afgarcia@kpmg.com.au](mailto:afgarcia@kpmg.com.au)

### Dispute Resolution and Controversy



**Angela Wood – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Dispute Resolution and Controversy**  
T: +61 3 9288 6408  
E: [angelawood@kpmg.com.au](mailto:angelawood@kpmg.com.au)

### Legal Services



**David Morris – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Legal Services**  
T: +61 2 9455 9999  
E: [davidpmorris@kpmg.com.au](mailto:davidpmorris@kpmg.com.au)

## Market Sector Specialists

### Financial Services



**Christopher Abbiss – KPMG in China**  
**Asia Pacific Regional Tax Leader,**  
**Financial Services and Banking Sector**  
T: +852 2826 7226  
E: [chris.abbiss@kpmg.com](mailto:chris.abbiss@kpmg.com)

### Alternative Investments & Private Equity



**Simon Clark – KPMG in Singapore**  
**Asia Pacific Regional Tax Leader, Alternative Investments and Private Equity sector**  
T : +65 6213 2152  
E : [simonclark1@kpmg.com.sg](mailto:simonclark1@kpmg.com.sg)

### Sovereign Wealth and Pension Funds



**Angus Wilson – KPMG in Australia**  
**Asia Pacific Regional Leader,**  
**Sovereign Wealth and Pension Funds Sector**  
T: +61 2 9335 8288  
E: [arwilson@kpmg.com.au](mailto:arwilson@kpmg.com.au)

### Energy & Natural Resources



**Carlo Franchina – KPMG in Australia**  
**Asia Pacific Regional Tax Leader,**  
**Energy & Natural Resources Sector**  
T: +61 8 9263 7239  
E: [cfranchina@kpmg.com.au](mailto:cfranchina@kpmg.com.au)

## Insurance



### **John Salvaris – KPMG in Australia**

**Asia Pacific Regional Leader,  
Insurance Sector**

**T : +61 3 9288 5744**

**E : [jsalvaris@kpmg.com.au](mailto:jsalvaris@kpmg.com.au)**

<https://home.kpmg.com/xx/en/home/services/tax/regional-tax-centers/asia-pacific-tax-centre.html>

[www.kpmg.com/tax](http://www.kpmg.com/tax)

---

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

[kpmg.com/app](http://kpmg.com/app)



© 2017 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.