



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 12 April 2017



Asia Pacific Tax Developments

Australia

Australia: Justified Trust initiative now in flight across the large market

The Australian Taxation Office has now launched the Justified Trust initiative in the market and is implementing it in two parallel workstreams. The first workstream is for the “Top 100” i.e. those taxpayers in a real time Key Taxpayer Engagement. The second workstream is being implemented across the Top 1000 below the Top 100.

[More details](#)

Australia: Material Increase in Penalties for Significant Global Entities (SGEs)

Legislation has now been passed to materially increase administrative penalties for SGEs with effect from 1 July 2017. These increased administration penalties include “failure to lodge on time” penalties. These include a failure by an SGE to lodge a return, notice, statement or other approved form by the due date.

[More details](#)

China

China: China Tax Weekly Update - Issue 13

The following matters are covered in this issue:

- China sets out new rules for TP investigations and MAP (SAT Announcement [2017] No. 6)
- TP compliance requirements clarified
- SAT promotes use of VAT e-invoice (Shui Zong Fa [2017] No. 31)

- Integrated circuit enterprises tax incentive clarified (Cai Shui [2017] No. 17)
- China to further reduce enterprise-related fees (Cai Shui [2017] No. 20)

[More details](#)

China: Custom Policy Update, March 2017

KPMG China provides various customs policy updates:

- The General Administration of Customs Further Improves Administration on Place of Origin of Imported Goods from Least Developed Countries Entitled to Special Preferential Tariff Treatment
- 13th Five-Year Plan on Developing Trade in Services
- China and Australia Signed an Action Plan on Authorized Economic Operator (AEO) Mutual Recognition
- Further Expansion of the Pilot Reform Scope for Tax Collection and Administration
- Amendment of Specifications on Completion of the PRC Customs Declaration Form for Imports and Exports
- Announcement on Implementation of Catalogue of Priority Industries for Foreign Investment in Central and Western China (Revision 2017)
- China and New Zealand Signed an Agreement of AEO Mutual Recognition

[More details](#)

India

India: Application of foreign tax credit under U.S. tax treaty

The Ahmedabad Bench of the Income-tax Appellate Tribunal held that the taxpayer can claim and apply a foreign tax credit (FTC) in respect of taxes withheld in the United States against dividend income on the satisfaction of the conditions specified in the FTC Article of the India-United States income tax treaty.

[More details](#)

India: CBDT issues press release and draft notification for exemption of acquisition of equity shares from long-term capital gain tax

The Central Board of Direct Taxes (CBDT) has proposed under Section 10(38) of the Income-tax Act, 1961 that for purposes of the exemption, the condition of chargeability to securities transaction tax will only apply to certain specified transactions of acquisitions of equity shares entered into on or after 1 October 2004.

[More details](#)

India: Claim for exemption in respect of House Rent Allowance rejected when rent paid by married daughter to her mother

The Mumbai Bench of the Income-tax Appellate Tribunal held that a claim for an exemption of the house rent allowance concerning the non-contractual payment of rent to a parent is not allowable.

[More details](#)

India: Draft goods and services tax (GST) rules for various procedures released

The GST Council released draft rules for the procedures pertaining to registration, valuation, tax invoice, credit and debit notes, input tax credit, returns, payment of tax, refunds, transitional

provisions, and composition levy. The set of 9 rules, prescribing procedures to be followed by taxpayers under the GST regime, is a significant step to implementing the GST by 1 July 2017.

[More details](#)

India: Mandatory quoting of Aadhaar number for PAN applications and filing return of income

The CBDT has clarified that mandatory quoting of the Aadhaar number/enrollment ID only applies to a person who is eligible to obtain an Aadhaar number. Only a resident individual is entitled to obtain an Aadhaar number--an individual who has resided in India for a period (or periods) amounting to 182 days or more in the 12 months immediately preceding the date of application for enrollment.

[More details](#)

India: Tax Assemblage 2016

KPMG in India shared the list of tax updates for the year 2016.

[More details](#)

India: Transfer Pricing Adjustment in relation to intra-group services deleted in the absence of justification of Nil ALP under CUP method

The Ahmedabad Bench of Income-tax Appellate Tribunal has rejected the adjustment made by the Transfer Pricing Officer / Dispute Resolution Panel with respect to payment for intra-group services to associated enterprises of the taxpayer.

[More details](#)

India: Under India-Italy tax treaty, tax is to be deducted on actual payment of royalty

The Ahmedabad Bench of the Income-tax Appellate Tribunal held that under Article 13 of the India-Italy tax treaty, taxability of a royalty paid by an Indian company to an Italian company depends on the actual payment by the former and receipt by the latter. Therefore, unless the actual payment takes place, the taxability under Article 13 of the tax treaty does not arise.

[More details](#)

New Zealand

New Zealand: PAYE and investment income reporting & employee share scheme Tax Bill introduced

The new Tax Bill contains:

- New rules for determining the timing and amount of employee share scheme benefit income and its deductibility for employers.
- New rules for reporting employee income and PAYE information by employers and investment income by banks, PIEs and other investment income payers. These changes support Inland Revenue's Business Transformation.
- Various other changes, including a discretion for Inland Revenue to issue IRD numbers to non-residents without requiring a NZ bank account if the Commissioner is satisfied with the applicant's identity.

[More details](#)

Singapore

Singapore: Amendments to CRS regulations

On 4 April 2017, Singapore issued the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) (Amendment) Regulations 2017 that amends several regulations of the CRS Regulations 2016 and these amendments are effective from 4 April 2017.

[More details](#)

Calendar of Events

Date	Event	Location
11 April 2017 – 26 April 2017	KPMG 2016-2017 Annual Customs Update Conference Contact person: KPMG China Market Services More details	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: Shirley Tay More details	InterContinental Hotel, 80 Middle Road, Singapore 188966
19 April 2017	The Trump Administration and U.S. Tax Reform Contact person: KPMG China Market Services More details	KPMG office, 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong

Significant International Tax Developments



OECD: Regional meeting on BEPS framework

Delegates from 14 countries and 7 organisations gathered in Georgia in the second event in a series offering participants from different regions in the world the opportunity to provide their views and input to the framework on base erosion and profit shifting (BEPS).

[More details](#)

OECD: Updated country-by-country guidance, under BEPS Action 13

The Organisation for Economic Cooperation and Development (OECD) released additional guidance for tax administrations and multinational

enterprises to use in implementing country-by-country (CbC) reporting pursuant to the BEPS Action 13 recommendations.

[More details](#)

OECD: Updated FAQs released under CRS

The OECD released updated frequently asked questions concerning the CRS.

[More details](#)

Beyond Asia Pacific

Canada: Tax provisions in 2017 budget, Prince Edward Island

The 2017 budget for the province of Prince Edward Island was delivered on 7 April 2017. There are no changes to the province's individual (personal) or corporate tax rates.

[More details](#)

France: VAT recovery by branches of foreign companies

Questions concerning the value added tax rights of recovery by French branches of foreign companies have been referred to the Court of Justice of the European Union.

[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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