



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 12 October 2017



Asia Pacific Tax Developments

Asia Pacific

Asia Pacific: General Tax Update for Financial Institutions in Asia Pacific – Issue 60

The MLI was signed in June by many of the Asia Pacific jurisdictions. The MLI will complicate the application of tax treaties for many taxpayers, so progress needs to be followed closely. The implementation of other BEPS actions is also well underway across the region. Looking forward, we can expect the minimum standards will be only the beginning of the BEPS-related changes.

[More details](#)

Australia

Australia: December year end R&D tax checklist

Research & Development (R&D) activities must be registered with AusIndustry within 10 months after the end of the income year. For companies with a 31 December 2016 year end, that deadline is 31 October 2017. Ideally most companies will have prepared and lodged their R&D tax claim long before this deadline, but for those that have not, there is very little time left in which to do so.

[More details](#)

Australia: GPFS - do you have an obligation to lodge?

KPMG Australia explains the long awaited Australian Taxation Office (ATO) guidance released last month on who should prepare general purpose financial statements (GPFS) aimed at better promoting tax transparency of a company's Australian tax affairs.

[More details](#)

Australia: Let's demystify the recent WET Rebate changes

After two years of consultation with the wine industry, the Treasury Laws Amendment (2017 Measures No4) Bill 2017 received Royal Assent on 23 August 2017 to:

- Reduce the annual maximum rebate from AU\$500,000 to AU\$350,000 and
- Tighten the rules regarding the Wine Equalisation Tax (WET) rebate entitlement.

The amendments will be effective from 1 July 2018.

[More details](#)

Australia: Reversing the effect of a progressive WA payroll tax

As employers plan for the changes required to operate under the ATO's Single Touch Payroll environment, it is an ideal time to review payroll tax processes to ensure that obligations are dealt with efficiently and payroll tax wages are not overstated, which if rectified through review, will help reverse the impact of the payroll tax rate increases.

[More details](#)

Australia: The Trump administration's framework for US tax reform

KPMG Australia discusses the Trump administration's proposed new tax reform package.

Key changes proposed in the Framework include:

- Reducing the corporate tax rate to 20 percent and allowing businesses to write off depreciating assets over 5 years.
- Moving to a territorial tax system and treating existing foreign earnings overseas under the current system as having been repatriated. Future offshore profits repatriated to the United States will be exempted from United States tax.
- Consolidating the seven individual tax brackets to three tax brackets of 12 percent, 25 percent and 35 percent. The Framework leaves open that an additional top rate of tax may apply to high-income earners.
- Doubling the standard deduction to \$24,000 for married taxpayers filing jointly and \$12,000 for single taxpayer filers, effectively creating a larger zero tax bracket.

[More details](#)

India

India: CBDT prescribes procedure for filing statement of income from a country or specified territory outside India and foreign tax credit

The Central Board of Direct Taxes (CBDT) has prescribed a procedure for filing a statement of income from a country or specified territory outside India for purposes of the foreign tax credit.

[More details](#)

India: Contract receipts cannot be treated as income of a joint venture company since it was a case of diversion of income by overriding title

The Jammu and Kashmir High Court held that contract receipts were not to be treated as income of a joint venture company in a case of diversion of income by overriding title.

[More details](#)

India: Delhi High Court lays down guidelines for reopening of assessment proceedings

Recently, the Delhi High Court in the case of Sabh Infrastructure Ltd while quashing reassessment proceedings under Section 147 of the Income-tax Act, 1961 (the Act), laid down four guidelines for the tax department for reopening of re-assessment proceedings. The High Court observed that on a routine basis, a large number of writ petitions were filed challenging the reopening of assessments by the tax department under Sections 147 and 148 of the Act. Despite numerous decisions on this issue, the same errors are repeated by the tax department.

[More details](#)

India: Draft rules on Master File and Country by Country reporting released by CBDT

In keeping with India's commitment to implement the recommendations of Action Plan 13 of BEPS, the Finance Act, 2016 introduced Section 286 of Income-tax Act, 1961 providing for furnishing of Country-by-Country Report in respect of an International Group. Section 92D of the Act which contained provisions for preparing TP documentation was also amended to provide for keeping and maintaining of Master File.

[More details](#)

India: Investments made before the date of furnishing belated return of income would be eligible for exemption under Section 54 of the Income-tax Act

The Ahmedabad Bench of the Income Tax Appellate Tribunal recently held that the exemption under Section 54 of the Income-tax Act, 1961 would be allowable to taxpayers for investments made in new residential property upto the date of furnishing return of income.

[More details](#)

India: KPMG India Tax Konnect – October 2017

KPMG in India publishes a monthly newsletter on tax updates in the country.

[More details](#)

India: No 'transfer' results for capital gains taxation if joint development agreement is not registered; income cannot be taxed on a hypothetical basis – Supreme Court

The Supreme Court in the case Balbir Singh Maini held that the provisions of 'transfer' under Section 2(47)(v) of the Income-tax Act, 1961 are not applicable since Joint Development Agreement entered into by the taxpayer with developers is not registered.

[More details](#)

India: Penalty is to be levied for default in payment of self-assessment tax while filing original tax return even though the taxpayer has filed a revised return of income and paid the tax

Recently, the Ahmedabad Special Bench of the Income-tax Appellate Tribunal held that penalty under Section 221(1) of the Income-tax Act, 1961 is imposed for default in the payment of self-assessment tax due under Section 140A of the Act while filing the original income tax return even though the taxpayer subsequently filed a revised return of income and paid the tax.

[More details](#)

India: The Ministry of Corporate Affairs notifies the provisions relating to the restriction on the 'layers of subsidiaries' under the Companies Act, 2013

A provision of the Companies Act, 2013 is now effective for prescribing that certain class/classes of holding companies may not have layers of subsidiaries beyond a prescribed number.

[More details](#)

India: The Supreme Court affirms the constitutional validity of dividend distribution tax on composite income of tea companies

The Supreme Court of India on addressing the constitutional validity of imposition of the dividend distribution tax on composite income, held that the provisions of the Income-tax Act, 1961 apply on the entire dividend income of the company.

[More details](#)

Vietnam

Vietnam: Draft Law amending five tax laws – Significant changes of tax policies

The Ministry of Finance has recently submitted a proposal for a Draft Law amending and supplementing five tax laws, including the Laws on Value Added Tax, Corporate Income Tax, Special Consumption Tax, Personal Income Tax and Natural Resources Tax

[More details](#)

Vietnam: Trade and customs update, third quarter 2017

A report of trade and customs developments for the third quarter of 2017 reflects developments and includes discussions of the foreign trade law (AHTN 2017) and other trade-related developments in Vietnam.

[More details](#)

Vietnam: Transfer pricing audits of related-party royalty, service fee payments

Following new laws and guidance issued earlier in 2017, provincial tax authorities have enhanced their focus on reviewing and challenging what until now were “historical” corporate income tax deductions for royalties and service fee payments made to related parties of Vietnamese taxpayers.

[More details](#)

Calendar of Events

Date	Event	Location
31 October 2017 - 1 November 2017	2017 KPMG Asia Pacific Tax Summit More details	Kerry Hotel, Hong Kong (A Shangri-La Group Hotel) 38 Hung Luen Road, Hung Hom Bay, Kowloon, Hong Kong
9 – 20 November 2017	Tax and Business Summit 2017 More details	Petaling Jaya, Kota Kinabalu, Johor, Kuching, Ipoh, Penang
14 November 2017	Employer’s Tax Obligations Workshop (Fundamental) Contact person: Carmen Yong or Katherine Subramaniam More details	One World Hotel, Petaling Jaya, Selangor, Malaysia

17 November 2017

Forms IR8A/IR21 remuneration reporting workshop

Singapore Marriott
Tang Plaza Hotel,
320 Orchard Road,
Singapore 238865

Contact person: [Hanna Surani](#)

[More details](#)

Significant International Tax Developments



OECD: Comments on BEPS discussion drafts

The Organisation for Economic Cooperation and Development (OECD) released comments received with respect to discussion drafts under the BEPS project. The first discussion draft on attribution of profits to permanent establishments concerns work in relation to BEPS Action 7 (Preventing the artificial avoidance of permanent establishment status). The second discussion draft on revised guidance on profit splits concerns work in relation to Actions 8-10 (Assure that transfer pricing outcomes are in line with value creation).

[More details](#)

OECD: Country-by-country reporting implementation status, exchange relationships

OECD announced the activation of automatic exchange relationships under the multilateral competent authority agreement on the exchange of country-by-country reports—the CbC MCAA.

[More details](#)

Beyond Asia Pacific

EU: New rules, process for resolving tax treaty-related disputes

The European Commission announced that the EU Member States have given a “green light” for new rules to “better resolve tax disputes.” The decision taken by EU finance ministers at the ECOFIN Council meeting in Luxembourg is intended to allow businesses and individuals to resolve disputes related to the interpretation of tax treaties more swiftly and effectively. The new rules will also cover issues related to double taxation.

[More details](#)

U.S.: Tax Court: Interest on deficiency when tax-exempt status is revoked

The U.S. Tax Court issued an opinion finding that after IRS revocation of an entity’s tax-exempt status, the starting date for computing interest on the ensuing corporate income tax deficiency is determined by reference to the date when the corporate income tax return would have been due, and not the date when the IRS issued the final determination letter revoking the tax-exempt status.

[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

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

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

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

Indirect Tax Services



Lachlan Wolfers – KPMG in China
Asia Pacific Regional Leader, Indirect Tax Services
T : +852 2685 7791
E : 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

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

Global Mobility Services



Ben Travers – KPMG in Australia
Asia Pacific Regional Leader, Global Mobility Services
T : +61 3 9288 5279
E : btravers1@kpmg.com.au

International Tax



Christopher Xing – KPMG in China
Asia Pacific Regional Leader,
International Tax
T : +8610 8508 7072
E : 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

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

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

Legal Services



David Morris – KPMG in Australia
Asia Pacific Regional Leader,
Legal Services
T: +61 2 9455 9999
E: 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

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

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

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

Insurance



**John Salvaris – KPMG in
Australia**

**Asia Pacific Regional Leader,
Insurance Sector**

T : +61 3 9288 5744

E : 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

kpmg.com/socialmedia



kpmg.com/app



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.

© 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.