

Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 23 November 2017



Asia Pacific Tax Developments

Australia

Australia: ATO warns against inappropriate retirement planning schemes

Recently, the Australian Taxation Office (ATO) published the Super Scheme Smart information pack to warn of schemes for self-managed superannuation funds that are on the ATO's radar. The consequences from the schemes have also been highlighted.

[More details](#)

China

China: China Tax Weekly Update - Issue 36

The following matters are covered in this issue:

- China reduces pre-approval requirements for certain business activities

On 6 September 2017, an executive meeting of the State Council committed to reduce the pre-approval requirements for conducting certain business activities. These changes are part of a broader State Council initiative to cut red tape for business, and give the market a more central role in guiding economic activity.

- VAT general taxpayer registration simplified

In accordance with the government's measures operationalising the move to simple Value Added Tax (VAT) registration, a public consultation on the Draft Administrative Measures for Registration of VAT General Taxpayers Status (the 2017 measures) was opened recently. The 2017 measures make certain important revisions to the 2010 measures-

- ✓ *When a taxpayer registers for general taxpayer status, the tax authorities must accept the registration as long as the submitted information is consistent with the information supplied at the time of its original taxpayer registration.*

- ✓ The bar for registration is lowered
- More OECD guidance on Country-by-Country reporting

The OECD's Inclusive Framework on BEPS has released new sets of guidance on the implementation of Country-by-Country (CBC) Reporting (BEPS Action 13).

Existing guidance on the implementation of CBC Reporting is updated to cover:

- ✓ The definition of revenues
- ✓ The treatment of MNE groups with a short accounting period
- ✓ The treatment of the amount of income tax accrued and income tax paid

Guidance has also been released on the appropriate use of the information contained in CBC Reports.

[More details](#)

China: China Tax Weekly Update - Issue 37

The following matters are covered in this issue:

- China national e-taxbureau and 'one stop shop'

On 13 September 2017, the State Administration of Taxation (SAT) announced that it will take further steps to enhance the use of information technology in tax administration

- China national risk assessment system to more effectively detect tax evasion

On 13 September 2017, the State Council general office issued a circular which directs that by 2020, coordinated regulatory mechanisms must be set up to better detect and deter money laundering, terrorist financing and tax evasion.

- New anti-monopoly measures

On 13 September 2017, the Ministry of Commerce (MOFCOM) issued Measures for the Review of Concentration of Economic Power (Exposure Draft for Revision) (the "2017 Measures") to solicit public comments. Once the 2017 Measures comes into effect, it will replace two 2009-issued Measures

Compared with the two 2009-issued Measures, and the Guidance on Declaration of the Concentration of Undertakings issued by the anti-monopoly bureau of MOFCOM in 2014, the 2017 measures make the following changes:

- ✓ The 2017 measures further clarify the definition of "concentration of economic power".
- ✓ The 2017 measures provide a new definition of "decisive influence".
- ✓ The 2017 measures provide that where a company, through a series of transactions, obtains controlling rights over another company, or comes to exert "decisive influence" over another company, such transactions shall be viewed collectively as one "concentration of economic power" transaction.
- UN examine developing country digital economy tax issues

In September 2017, the UN Committee of Experts on International Cooperation in Tax Matters issued a document which refers to the work of the OECD BEPS project on addressing the tax challenges of the digital economy. The UN document looks at some of the unilateral measures introduced by Australia, China, France, India, Israel, Italy and the United Kingdom to tax digital economy activity. The document also highlighted the following:

- ✓ Many developing countries are taking steps to impose VAT/GST withholding on payments to foreign B2C providers of goods and services.

- ✓ As economies continue to digitalise, this may drive a revision of the UN Model Convention permanent establishment threshold to embrace a digital permanent establishment concept.

[More details](#)

China: New China withholding tax administrative guidance

On 17 October 2017, the SAT issued new guidance on withholding tax (WHT) administration, as well as official interpretative guidance. The new guidance abolishes some of the WHT document registration requirements, clarifies WHT calculations for disposal gains, introduces more reasonable timeframes for WHT payment, and clarifies the respective obligations of WHT agents and overseas payment recipients

[More details](#)

China: US House of Representatives pass landmark tax reform bill

On 16 November 2017 the United States House of Representatives passed a landmark tax reform bill. The passing of the House Tax Bill proposes a sweeping overhaul of the US tax system, the most significant changes since 1986, but is by no means the end of the process.

From a China perspective, the most relevant changes are those made to the US corporate tax ('CT') cross-border provisions. These could have a significant impact both on Chinese investors into the US, and on the competitiveness of Chinese multinational enterprises (MNEs) vis-a-vis their US headquartered counterparts. The planned US CT changes also feed into the wider global discussion on the shape of the future international tax rules applying to all countries, and so also impacts indirectly on China's own tax policy choices. Highlights of the international tax rule changes are set out in this alert.

[More details](#)

China: VAT guide (2017), overview of indirect tax system

The Chinese government has issued a number of circulars in the past year to clarify uncertainties and update the rules under the new VAT system, and it is expected that in the next few years, China will move from a multiple rate VAT system to a system with fewer VAT rates.

[More details](#)

India

India: Amendment in the Income-tax Act does not affect the provisions of the tax treaties unless the same are included in the tax treaty

Recently, the Mumbai Bench of the Income-tax Appellate Tribunal held that any notification or circular cannot alter the nature of income that has been specifically included in tax treaties. The Tribunal observed that even with the amendment in a Section of the Income-tax Act, 1961 would not affect the provisions of tax treaties unless the same are not rectified by both the signatories of the treaty.

[More details](#)

India: CBDT lays down the guidelines for the applicability of Section 143(1)(a)(vi) of the Income-tax Act while processing the certain return of income

The Finance Act, 2016 has introduced Section 143(1) (a) (vi) of the Income-tax Act, 1961 with effect from 1 April 2017. It provides that while processing the return of income, the total income or loss shall be computed after making an adjustment for the addition of income appearing in Form 26AS or Form 16A or Form 16, which have not been included in computing the total income in the return of income.

[More details](#)

India: Depreciation on goodwill is allowed under Section 32 of the Income-tax Act

Recently, the Gujarat High Court held that the taxpayer is entitled to claim depreciation on goodwill under Section 32 of the Income-tax Act, 1961. It was observed that there is no material ground provided by the Assessing Officer to hold that the claim of depreciation was fictitious.

[More details](#)

Indonesia

Indonesia: Global Mobility Services Bulletin November 2017 - Post Tax Amnesty Actions

This Bulletin highlights the obligations to be performed by the end of 2017 by Tax Amnesty participants who declared property under a nominee arrangement. It also provides a reminder that the First Annual Report for domestic/repatriated Tax Amnesty assets must be submitted by 31 March 2018.

[More details](#)

Taiwan

Taiwan: Ministry of Finance of Taiwan announced Latest Amendments of the Three-Tiered Transfer Pricing Documentation Rules

On November 13, 2017, the Ministry of Finance (MOF) announced the amendments to "Regulations Governing Assessment of Profit- Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing" ("TP Assessment Rules"). The amended TP Assessment Rules had included the three-tiered transfer pricing documentation as suggested by OECD under BEPS Action 13. The latest amendments will apply to fiscal years of 2017 onward. The three-tiered transfer pricing documentation is composed of a transfer pricing report which is already implemented from 2005, two new additions are CBC Reporting and Master File. The compliance thresholds for preparing CBC Reporting and Master File are yet to be announced by MOF.

[More details](#)

Calendar of Events

Date	Event	Location
29 November 2017 – 13 December 2017	2017 KPMG China Annual Tax Update Conference More details	China

Beyond Asia Pacific

UK: Autumn Budget 2017: Press releases

Reactions and insight into Philip Hammond's Autumn Budget statement.

[More details](#)

United States: KPMG report: Senate tax reform bill—Initial observations on Finance Committee bill

The Senate Finance Committee on November 16, 2017, approved its version of tax reform legislation (the “Tax Cuts and Jobs Act”) by a party-line vote of 14 to 12. Senate procedures require that the bill now move to the Senate Budget Committee, followed by consideration by the full Senate.

[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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