



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 11 January 2018



## Asia Pacific Tax Developments

---

### China

#### China: Customs Policy Update - for the Period of December 2017

The following matters are covered in this issue:-

- The 5th Amendment to the Customs Law of the People's Republic of China (PRC)
- GAC Announcement regarding Promoting the Paperless Application and Cancelling the Filing Procedure of Import Tax Reduction
- GAC Announcement on Publishing the Standard of Origin and Relevant Matters of New Zero Tariff Commodities in Hong Kong and Macau since 1 January 2018
- GAC Announcement on Abolishing the Formality Matters after the End of Transition Period in relation to Bank Guarantee Mechanism in Processing Trade Business
- GAC Announcement on Implementing China-Georgia Free Trade Agreement
- GAC Announcement on 2018 Tariff Adjustment Plan
- GAC Announcement on Revised Standards of Filling in Customs Declaration Forms for Imports and Exports
- MOFCOM, GAC and AQSIQ jointly announced the Catalogue of Goods Subject to Import and Export Licenses for 2018
- GAC Decree on Decision of Amending the Administrative Measures of the PRC on Temporary Imports and Exports
- GAC Decree on the Decision of Abolition and Revision of Certain Rules

- GAC Decree on the Provisional Measures on Administration of PRC Customs Pre-Ruling
- China and Maldives Officially Signed the Free Trade Agreement

[More details](#)

### **China: Withholding tax deferral for profit reinvestments in China**

Guidance has been issued by several government ministries to encourage overseas investors to expand investments in China. Under the scheme, profits derived by a foreign investor from resident companies in China will be entitled to a tax deferral incentive and temporarily will not trigger withholding tax, provided that the profits are reinvested in “encouraged projects” and that other conditions are met.

The guidance also specifies the applicable conditions, procedures and obligations, follow-up administration, departmental coordination mechanism, tax treatment for investment withdrawals, and period of execution regarding to this preferential tax policy.

[More details](#)

---

## **India**

### **India: Annual franchise fees paid to BCCI to operate and participate in IPL are allowed as revenue expenditure**

Recently, the Mumbai Bench of the Income-tax Appellate Tribunal in the case of Knight Riders Sports Private Limited, held that annual payment of the franchise fees paid to BCCI to operate and participate in Indian Premier League (IPL) are deductible as revenue expenditure under the Income-tax Act, 1961. The Tribunal observed that the payment of franchise fees has only facilitated participation in the IPL and operation of the team for the year. It did not result in the creation of an asset nor in the generation of a benefit of an enduring nature.

[More details](#)

### **India: CBDT issues press release relaxing MAT provisions for the companies undergoing corporate insolvency resolution process**

The Central Board of Direct Taxes (CBDT) has issued a press release stating that with effect from Assessment Year 2018 -2019, a company against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under Sections 7, 9 or 10 of the Insolvency and Bankruptcy Code, 2016, shall be allowed to set off the amount of total loss brought forward against the book profit for the purposes of levy of Minimum Alternate Tax (MAT).

[More details](#)

### **India: India Tax Konnect – January 2018**

KPMG in India provides developments on the tax and regulatory front and its implications on the way you do business in India.

[More details](#)

### **India: India signs first ever bilateral APA with the U.S.A.**

India has signed the first ever bilateral Advance Pricing Agreement (APA) with the U.S.A. This APA was in respect of Information Technology/ Information Technology enabled Services sector and involved determining a cost plus markup for transactions of an Indian captive service provider.

[More details](#)

## India: Summary of tax developments from 2017

KPMG in India has prepared a report that provides summary discussions of certain “key” direct tax and indirect tax developments during 2017.

[More details](#)

---

## Korea

### Korea: Revised regulations, automatic exchange of financial information

The government of South Korea issued a revised version of regulations for implementing the automatic exchange of financial information with foreign countries (territories). The revised version of the regulations reflects:

- The tax treaty between South Korea and Hong Kong
- Due diligence measures for pre-existing individual accounts
- Reporting periods
- A list of countries that must submit financial information to the U.S. tax authority (IRS) beginning in 2018

[More details](#)

---

## Malaysia

### Malaysia: Country-by-country reporting update

The tax authority in Malaysia in late December 2017 released an amendment to the country-by-country (CbC) rules. Among the changes, the amended CbC rules include revised measures concerning entities having cross-border transactions with other constituent entities and also defining “constituent entities” to include:

- The ultimate holding entity
- A constituent entity
- A surrogate holding entity
- A permanent establishment in Malaysia

In addition, CbC regulations were published in late December for entities in the Labuan federal region. The new CbC regulations apply to Labuan entities regulated under the Labuan Business Activity Tax Act 1990.

[More details](#)

---

## Taiwan

### Taiwan: Safe harbor exemption, Master file and country-by-country reporting submissions

Taiwan's Ministry of Finance recently announced a "safe harbor" exemption with respect to Master file and CbC reporting. The exemption was announced after considering the compliance costs that multinational enterprises could incur in preparing their transfer pricing documents. The guidance also took into account certain international practices, existing conditions in Taiwan, and public comments and opinions.

[More details](#)

---

## Thailand

### Thailand: Smart visa - 4 years permission

The Government of Thailand will launch a "Smart Visa" scheme which grants 4 years permission to investors and highly skilled professionals working within 10 specialized fields, identified by the government in its technology push under Thailand 4.0 plan such as automotive, electronics, food technology, digital technology, robotics, aviation and logistics.

[More details](#)

### Thailand: Transfer Pricing law approved by Cabinet, effective for 2017

The Cabinet of Thailand has recently approved the draft transfer pricing law referring to the cabinet meeting on 3 January 2018. The recent draft has been revised to include additional requirements.

[More details](#)

---

## Significant International Tax Developments



### OECD: Updated common reporting standard FAQs

The Organisation for Economic Cooperation and Development (OECD) has issued an updated version of frequently asked questions (FAQs) for implementation of the common reporting standard.

[More details](#)

---

## Beyond Asia Pacific

### United States: U.S. states start to address federal tax reform

U.S. states are starting to grapple with the state consequences of federal tax reform. Recently, lawmakers in two states—California and New York—announced proposals to address one of the key provisions in the federal tax reform bill that was signed by the president on December 23, 2017—the elimination of the uncapped state and local tax (SALT) deduction. Going forward, for federal purposes, taxpayers can deduct up to \$10,000 per year of state income or property taxes. This change may have the greatest impact on residents of states with high individual (personal) income taxes and/or property taxes.

[More details](#)

## **UK: VAT: Making Tax Digital – draft VAT Regulations and Notice**

HMRC has released for consultation, the draft Making Tax Digital VAT Regulations, together with a draft notice and some examples which outline the extent of the required digital links for businesses that currently have different digital record keeping options.

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

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



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

### 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



**Ben Travers – KPMG Australia**  
**Asia Pacific Regional Leader, Global Mobility Services**  
T : +61 3 9288 5279  
E : [btravers1@kpmg.com.au](mailto:btravers1@kpmg.com.au)

#### International Tax



**Christopher Xing – KPMG China**  
Asia Pacific Regional Leader,  
International Tax  
T : +8610 8508 7072  
E : [christopher.xing@kpmg.com](mailto:christopher.xing@kpmg.com)

#### Deal Advisory M&A Tax



**Angus Wilson – KPMG 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)

#### Dispute Resolution and Controversy



**Angela Wood – KPMG 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 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 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 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 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)



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

© 2018 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.