



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 01 March 2018



## Budget Announcement



### Hong Kong: Budget 2018

The summary outlines key proposed changes to the Hong Kong tax legislation and policy, and provides comments on their implications.

Main tax proposals, among others, include:

- Reduction of 75% in Profits Tax payable for 2017-18, subject to a ceiling of HKD 30,000
- A number of proposals were announced, including enhanced R&D deductions and the extension of various incentives
- Proposed introduction of a regional headquarters (RHQ) tax regime in Hong Kong

[More details](#)

## Asia Pacific Tax Developments

### Australia

#### Australia: Cost recovery levy on low value imported goods

The Government has proposed a new cost recovery model that includes a levy on low value consignments as outlined in the Trade and Cargo Activities – Cost Recovery Discussion Paper. The Government's push to levy all high value and low value consignments may provide greater impetus for those traders considering applying for the Australian Trusted Trader Programme, which operates to alleviate certain transactional import processing costs as a reward for being an accredited low risk partner.

[More details](#)

## [Australia: FBT Compliance – automate your pain points](#)

Fringe benefits tax (FBT) compliance is widely considered by most large employers as painful. It is time consuming and complex, especially considering that it is generally less than 2 percent of the overall tax impost to the average large employer. With advances in technology, there have been significant increases in the use of techniques such as robotics, automation, machine learning, and data analytics to master FBT compliance and administration. KPMG FBT Automator has been developed to make compliance with FBT law more efficient and accurate.

[More details](#)

## [Australia: Time to benefit from sound FBT processes](#)

KPMG Australia discusses setting up sound processes before the end of the 2018 fringe benefits tax (FBT) year. The FBT rate for the current year has reduced to 47 percent (previously 49 percent), and the Type 1 and Type 2 gross-up rates have also reduced accordingly.

[More details](#)

## [Australia: Trust: a critical dialogue](#)

In our tax world, “Justified Trust” has become the foundation for the Australian Taxation Office in finding “the right touch” in its risk review process. It has become a program. And one which is critical to many tax functions, advisors and stakeholders.

[More details](#)

## [Australia: Why did we get selected for a payroll tax audit?](#)

KPMG Australia explains how data matching is increasingly used by regulators to select companies for a payroll tax audit.

[More details](#)

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## **Bangladesh**

### [Bangladesh: Highlights on the New VAT law, tax holidays and corporate tax rate changes](#)

KPMG in Bangladesh presents highlights of the country’s Finance Act 2017 and subsequent statutory regulatory orders, preserves current tax holidays for certain investments, and makes minor adjustments to corporate tax rates.

[More details](#)

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## **China**

### [China: China Tax Weekly Update – Issue 5](#)

The following matters are covered in this issue:

- Enhanced supervision rules for outbound investment
- Pilot VAT general tax payer status in special customs supervision zones expanded
- Enhanced information sharing between SAIC and SAT

[More details](#)

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## Hong Kong SAR

### Hong Kong: FATCA compliance, certification deadline is 1 July 2018

While FATCA has become business as usual, the designated Responsible Officer of a Participating Foreign Financial Institution or Reporting Model 2 FFI will soon have to certify their financial institutions' compliance with FATCA by submitting certifications to the Internal Revenue Service on or before 1 July 2018.

[More details](#)

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## India

### India: Capital gains invested in house property along with furniture and fixtures eligible for deduction

Recently, the Ahmedabad Bench of the Income-tax Appellate Tribunal held that the taxpayer would be eligible to claim investment made in a house property along with the cost of furniture and fixtures therein.

[More details](#)

### India: In case of conflict between the tax rate prescribed in Section 206AA of the Income-tax Act and in a tax treaty, the tax treaty rate would apply

The Delhi High Court held that the provision in Section 206AA of the Income-tax Act, 1961 has to be interpreted to mean that where the non-resident conducts its operation from outside the territory of India whose government has entered into a tax treaty with India, the rate of taxation would be governed by the provisions of the treaty.

[More details](#)

### India: India signs first ever two APAs on Advertising, Marketing and Promotion (AMP) controversy

The Central Board of Direct Taxes has now concluded two APAs on Advertising, Marketing and Promotion (AMP) expenses. These are the first ever APAs on the AMP controversy and also involve resolutions on marketing royalty and technical royalty.

[More details](#)

### India: Carry forward and set off of losses are not allowed in view of change in shareholding, however, it does not impact unabsorbed depreciation

The Mumbai Bench of the Income-tax Appellate Tribunal held that carry forward and set off of losses shall not be permitted under Section 79 of the Income-tax Act, 1961 when there was a change in shareholding in the relevant previous year. However, provisions of Section 79 of the Act will not be applicable to carry forward and set off of unabsorbed depreciation.

[More details](#)

### India: While making payment for purchase of property from a non-resident, tax is to be deducted on actual sale consideration and not on stamp duty value

The Hyderabad Bench of the Income-tax Appellate Tribunal held that the tax is required to be deducted from the actual consideration credited or paid and not on what the non-resident is deemed to have received from the sale of his property.

[More details](#)

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## Singapore

### Singapore: Expanded Singapore Legislation on Transfer Pricing

In October 2017, legislative requirements concerning transfer pricing were strengthened and expanded in Section 34 of the Singapore Income Tax Act (SITA). These were followed in February 2018 by the introduction of the Income Tax (Transfer Pricing Documentation) Rules 2018 (Rules), under powers conferred by Section 7(1) of the SITA. The fifth edition of the IRAS e-tax guide on transfer pricing guidelines was also released concurrently with the Rules.

[More details](#)

### Singapore: Innovate to differentiate

Underlying this year's Budget theme of a better future together, is the theme of innovation which covered the entire spectrum of innovation related activity, and acknowledges that innovation can mean different things to different companies.

[More details](#)

## Sri Lanka

### Sri Lanka: Budget 2018 proposals

KPMG in Sri Lanka discusses the Budget 2018 proposals.

[More details](#)

## Thailand

### Thailand: Key influences in Thailand's consumer and retail industry

Nowadays, there are several key influences for Thai retail businesses, such as e-commerce trend, nationwide-payment scheme, government stimulus measures, and digital technology. This publication looks at how these influences are changing the consumer and retail scene.

[More details](#)

## Calendar of Events

Date	Event	Location
13 March 2018	A Practical Guide to Corporate Income Tax and Deferred Tax  Contact person: <a href="#">Nora Kassim / Haleena Azman</a>  <a href="#">More details</a>	One World Hotel, Petaling Jaya, Malaysia
13 March 2018	Key Trends and Tax Compliance Updates in Global Mobility  Contact person: <a href="#">KPMG China Market Services (Hong Kong)</a>  <a href="#">More details</a>	KPMG Office, 23rd Floor, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong

13 & 14 March  
2018

KPMG Goods & Services Tax (GST) Seminar 2018

Contact person: [Sharon Ting](#)

[More details](#)

InterContinental  
Hotel Singapore, 80  
Middle Road  
Singapore 188966

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## Beyond Asia Pacific

### [Netherlands: Insight into Finance Ministry's tax plans](#)

The Deputy Minister of Finance has explained the government's tax plans for the future in two letters, one of which contained the tax policy agenda. In the tax policy agenda, the Cabinet has identified four more priorities:

Reducing the tax on labour (in accordance with the governing coalition agreement)

- A Dutch business climate that remains fiscally competitive for real economic activities
- A "more green" tax system
- A more enforceable tax system

[More details](#)

### [United States: Qualified opportunity zones, revised census tracts offer new investment options](#)

The U.S. Treasury Department's Community Development Financial Institutions Fund issued a release announcing revised information concerning census tracts that are eligible for nomination as "qualified opportunity zones".

[More details](#)

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### TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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