



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 22 March 2018



Asia Pacific Tax Developments

Australia

Australia: Doing Business in Papua New Guinea

KPMG Australia discusses steps for companies preparing to do business in Papua New Guinea. Because of range of statutory and tax compliance obligation to consider, new entrants should seek advice and start the process many month in advance.

[More details](#)

Australia: Payroll and the impact of the NDB scheme

The Australian Information Commissioner has commenced the implementation of the Notifiable Data Breach (NDB) scheme effective 22 February 2018. The NDB scheme mandates entities to notify affected individuals and the Commissioner about 'eligible data breaches'. KPMG Australia discusses how the NDB scheme affect payroll operations.

[More details](#)

Australia: GST withholding for property developers effective 1 July 2018

Changes to proposed legislation on the treatment of GST for developers who supply new residential premises have softened the earlier proposal. However, the rules will still have far-reaching implications.

[More details](#)

Australia: New Temporary Skill Shortage visa program introduced

The new Temporary Skill Shortage (TSS) visa program has taken effect from 18 March 2018. Certain features of the now-defunct 457 visa have been preserved. However some key changes have been included.

[More details](#)

Australia: Updated AEOI guidance, FATCA and common reporting standard

The Australian Taxation Office has updated guidance concerning the automatic exchange of information (AEOI) provisions relating to the FATCA and common reporting standard (CRS) regimes. The updated guidance reflects a revised list of participating jurisdictions. The section on "CRS committed jurisdictions" has been deleted, and that information is now covered under the section on "CRS participating jurisdictions."

[More details](#)

China

China: China Tax Weekly Update – Issue 7

The following matters are covered in this issue:-

- China clarifies tax treaty "beneficial owner" criterion
- Tax treaty access for partnerships clarified, and further guidance on PE, transport and entertainer articles
- Enhanced taxpayer credit rating system

[More details](#)

China: Tax and regulatory reforms outlined as National People's Congress meets

China's 13th National People's Congress (NPC) and the Chinese People's Political Consultative Conference are holding meetings in the period of March 3-20 2018. A number of regulatory and tax reforms have been announced in the course of the week, in particular during Premier Li Keqiang's government work report address to the NPC. Highlights of the meeting are as follow:

- Reduction in tax burden
- Broader tax reforms
- Tax administration reform
- Foreign investment liberalization

[More details](#)

India

India: Conversion of loan into equity as part restructuring is a genuine transaction and it does not violate provisions of Section 269T of the Income-tax Act, and hence levy of penalty is to be deleted

The Kolkata Bench of the Income-tax Appellate Tribunal held that the transaction with respect to the conversion of loan into equity carried out by the taxpayer through book entries without any physical outflow of funds cannot be considered to be in violation of provisions of Income-tax Act. It is usual business practice and is part of routine corporate debt restructuring exercise carried out by various banks and financial institutions, to give leeway to the borrowers/defaulters, to convert their existing loans advanced to the said borrowers into equity capital.

[More details](#)

India: Disallowance under Section 14A of the Income-tax Act is applicable to expenditure in relation to exempt income from strategic investment / stock-in-trade - Supreme Court

The Supreme Court held that disallowance is applicable to expenditure relating to exempt income from strategic investment/stock-in-trade. The Supreme Court observed that the dominant purpose for which the investment into shares is made by the taxpayer may not be relevant.

[More details](#)

India: Once deduction under Section 10AA has been accepted in the first year, it cannot be withdrawn in the subsequent year by examining factors which were required to be seen in the first year

The Delhi Bench of the Income-tax Appellate Tribunal held that once the claim of deduction has been accepted in the first year of the operations, it cannot be withdrawn in the subsequent year by examining the factors which were required to be seen in the first year of the claim.

[More details](#)

India: Proposed amendments to the Finance Bill, 2018

Recently, the Lok Sabha has passed the Finance Bill, 2018. The key amendments are made in following areas:

- Significant Economic Presence
- Deductions available to start-ups
- Taxation of long term capital gains
- Taxability of long-term capital gains up to INR1 lakh
- Conversion of inventory into capital asset
- Withdrawal of Section 54EC exemption if the bonds are redeemed within 5 years
- Definition of 'equity oriented fund'
- Amendment to Section 139A regarding allotment of Permanent Account Number
- Valuation of securities held by bank or financial institution

[More details](#)

India: Transfer pricing amendments to the Indian Budget proposals

The Indian lower house of parliament has passed the Finance Bill 2018 with the following additional amendments with respect to the implementation of Country-by Country Report (CbCR) filing obligations:-

- Proposal which requires Indian constituent entities to file the CbCR within the period as may be prescribed
- Amending the existing definition of the phrase 'agreement' for exchange of information pertaining to CbCR. It has now been amended to only refer to agreements for exchange of CbCR filed by the Indian Parent or Indian Alternate reporting entity.

[More details](#)

Indonesia

Indonesia: Financial Institutions Must Provide Taxpayers' 31 December Account Balances to DGT

The March 2018 Bulletin highlights recent regulations pertaining to mandatory annual report submission of customers' data by all financial institutions' to the Directorate General of Tax (DGT) for the purpose of data collection. A similar report must also be submitted to the Financial Services Authority (Otoritas Jasa Keuangan/OJK) for the purpose of Automatic Exchange of Information of which the process will start as per September 2018

[More details](#)

Japan

Japan: Updated FAQs on common reporting standard reporting

Japan's tax agency issued an updated version of "frequently asked questions" (FAQs) as guidance for Japanese financial institutions concerning the technical description and specification for filing reports under the CRS. The updated FAQs contain additional questions relating to:

- The electronic certificates that can be used by corporations
- Reporting of closed accounts
- Nil returns reporting requirements

[More details](#)

New Zealand

New Zealand: Employment and investment income Bill reported back

The Taxation (Annual Rates for 2017 – 18), Employment and Investment Income, and Remedial Matters) Bill has been reported back from Select Committee. The key Select Committee changes are made on:-

- Employment income information reporting and payroll subsidy
- Investment income information reporting and RWT exempt status
- Employee share schemes

[More details](#)

New Zealand: Tax Working Group call for submissions

On 14 March, the Tax Working Group ("TWG") released a submissions background paper and summary for submitters to encourage public feedback on the "future of tax". The TWG's background paper covers the future environment, the principles of a good tax system, the current tax system and its results, and specific challenges the TWG has been asked to consider.

[More details](#)

Singapore

Singapore: Discussion of revised transfer pricing guidelines

This issue of the tax alert focuses on the changes concerning the fifth edition of the IRAS e-tax guide on transfer pricing guidelines which were released in February this year. This Tax Alert should be read in conjunction with the [Tax Alert on Section 34 and the Rules](#) as published on 26 February 2018.

[More details](#)

Significant International Tax Developments



OECD: Interim report, tax challenges from digitalisation (BEPS)

The Organisation for Economic Cooperation and Development (OECD) announced the release of an interim report that addresses the tax challenges arising from the digital economy.

[More details](#)

Calendar of Events

| Date | Event | Location |
|--------------------|--|---|
| 10 – 25 April 2018 | KPMG Annual Customs roadshow in 2018 Contact: KPMG China Market Services More details | Hong Kong and various locations in China |
| 19 April 2018 | Transfer Pricing, Tax Audits & Investigations Contact person: Sharon Leong Peck Sim More details | Maple Room, Level C, One World Hotel, Petaling Jaya |

Beyond Asia Pacific

EU: Proposals for taxation of digital businesses

On 21 March, the European Commission proposed new rules for the taxation of digital business activities in the EU.

[More details](#)

France: Luxembourg and France have signed a new double tax convention

On 20 March 2018, Luxembourg and France signed a new double tax treaty, which replaces the current tax treaty of 1958 and includes the new international tax standards.

[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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