



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 28 March 2018



## Asia Pacific Tax Developments

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### Australia

#### [Australia: Grant program to fund 'great ideas' for regional Australia](#)

Applications for the Federal Governments' Regional Growth Fund are now open. This AU\$272 million program is a great opportunity for local councils and private companies to get major federal support for big ideas that will create genuine impact for their local community. The focus of the program is to enable sustainable growth to the community through major transformational projects.

[More details](#)

#### [Australia: International action on the digital economy](#)

Following the OECD's release of its interim report on "Tax challenges arising from digitalisation", the European Commission and OECD have announced the next phase of their plans for cross-border coordination in taxing the digital economy.

[More details](#)

#### [Australia: Stapled Structures under pressure](#)

The Treasury has released details of new integrity measures to address the sustainability and tax integrity risks posed by stapled structures and the broader concessions available to foreign investors. Key messages from the integrity package touch on:-

- Existing stapled structures
- Negation of Managed Investment Trusts benefit from cross-staple payments
- Infrastructure
- Real Estate Investment Trust
- Limitation of "double gearing" by foreign investors
- Limitation of withholding tax exemption for pension funds
- Limitation of exemptions for sovereign investors

- Agricultural land

[More details](#)

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## China

### China: China Outlook 2018

As China enters this historic 'new era' in its economic, political, cultural and social development, KPMG China is pleased to present an analysis of what this means for the business environment and the development of inward and outward foreign direct investment in 2018 and beyond.

[More details](#)

### China: New tariffs proposed on imports from the United States

China's Ministry of Commerce recently announced that it intends to impose tariffs on certain products imported from the United States, in response to the U.S. section 232 tariff measures being imposed on steel and aluminium products imported into the United States.

[More details](#)

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## Hong Kong SAR

### Hong Kong: Beneficial ownership requirements clarified by China; the Hong Kong tax perspective

Effective from 1 April 2018, Announcement 9 replaces Circular 601 and Announcement 30, both of which are key circulars setting out the rules for foreign investors claiming tax treaty benefits on their Chinese-sourced dividends, interest and royalties. From a Hong Kong tax perspective, these changes provide foreign investors who hold investments in China via Hong Kong with more flexibility in obtaining tax treaty benefits on their Chinese-sourced dividend income.

[More details](#)

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## India

### India: Guidance for FATCA, common reporting standard requirements

The Securities and Exchange Board of India issued a circular regarding the due diligence and reporting requirements under FATCA and the common reporting standard (CRS) regimes.

[More details](#)

### India: Highlights of the tax treaty between India and Hong Kong

India and the Hong Kong Special Administrative Region of People's Republic of China (Hong Kong) has recently signed a tax treaty. The tax treaty is a welcome step which will help improve transparency in tax matters and curb tax evasion and avoidance.

[More details](#)

### India: Indian APA accepts Customs Valuation as Arm's Length Price (ALP) for Transfer Pricing

The Indian Advance Pricing Agreement (APA) authorities have concluded an unique APA wherein the price determined by the Special Valuation Branch of the Indian Customs authorities was accepted as arm's length price (ALP) for certain imports. Traditionally, Transfer Pricing and

Customs Valuation seek to evaluate an inter-company transaction from different perspectives. This demonstrates that the Indian APA authorities are willing to go beyond the traditional approaches in light of the taxpayer's facts to arrive at a mutually acceptable position.

[More details](#)

**India: Marketing and business development services are not in the nature of FTS and in the absence of a PE under the India-Singapore tax treaty, such services are not taxable in India**

The Mumbai Bench of the Income-tax Appellate Tribunal in the case of Fractal Analytics Pvt Ltd, held that marketing and business development services are not in the nature of Fees for Technical Services (FTS). The payment for such services is in the nature of business income. Since the foreign entity does not have a Permanent Establishment (PE) in India, such business income is not taxable under the India-Singapore tax treaty.

[More details](#)

**India: OECD interim report on the tax challenges arising from digitalisation pursuant to BEPS Action Plan 1**

KPMG in India produced a report with its inputs on Action Plan 1 of the BEPS Project, which addresses the tax challenges raised by digitalisation for both direct and indirect taxation.

[More details](#)

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## Singapore

**Singapore: Updated common reporting standard XML schema user guide**

The Inland Revenue Authority of Singapore (IRAS) issued the second edition of a common reporting standard (CRS) XML schema user guide that explains the information required to be included in each data element to be reported in the CRS return XML schema.

[More details](#)

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## Significant International Tax Developments



### **OECD: Attribution of profits to permanent establishments (BEPS Action 7)**

The OECD released a report as additional guidance on the attribution of profits to a PE. The OECD report was issued pursuant to Action 7 of the base erosion and profit shifting (BEPS) project.

[More details](#)

### **OECD: Multilateral BEPS convention entry into force 1 July 2018**

The OECD announced that the "Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting" will enter into force in five European jurisdictions beginning on 1 July 2018.

[More details](#)

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## Calendar of Events

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

## Beyond Asia Pacific

### [Belgium: Corporate income tax reform, changes to prepayments](#)

Corporate income tax reform in Belgium has brought many changes. One measure that tends to be easily overlooked is the increase of the corporate income tax surcharge as a result of insufficient prepayments. For closings as from 31 December 2018 and later, the increase in the corporate income tax surcharge will have a considerable impact on the tax liability of companies of all types and sizes.

[More details](#)

### [Luxembourg: The new double tax treaty between Luxembourg and France has been published](#)

As mentioned in KPMG in Luxembourg previous tax alert (Luxembourg Tax Alert 2018-02), Luxembourg and France signed, on 20 March, a new double tax treaty replacing the current tax treaty of 1958 and including the new international tax standards. The text has been published and is available at the link below.

[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



**Stuart Fuller – KPMG Australia**  
Asia Pacific Regional Leader,  
Legal Services  
T: +61 2 9458 1590  
E: [stuartfuller@kpmg.com.au](mailto:stuartfuller@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>

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