



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 10 May 2018



## Asia Pacific Tax Developments

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### Budget Announcements



#### Australia Federal Budget 2018

The Federal Budget 2018 provides insights and analysis into the Budget's major implications for Australian business, industries and sectors.

[More details](#)

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## Australia

#### Australia: Australian Trusted Trader Program

KPMG Australia discusses the Australian Trusted Trader (ATT) Program which is a voluntary trade facilitation program that offers certain benefits to 'trusted traders' provided the business is trade compliant and has sufficient supply chain security controls in place.

[More details](#)

#### Australia: Danvest - the Commissioner strikes back

Jacqueline Wood and Adrian Ortisi, from KPMG Australia, discuss legislation to address the duty treatment of partnership interest acquisitions in Victoria.

[More details](#)

### [Australia: New Junior Minerals Exploration Incentive: Are you eligible?](#)

The Treasury Laws Amendment (Junior Minerals Exploration Incentive) Act 2018 received Royal Assent on 28 March 2018 replacing the Exploration Development Incentive (EDI) scheme. Similar to the EDI scheme, the aim of the Junior Minerals Exploration Incentive (JMEI) is to encourage greenfields mineral exploration in Australia.

[More details](#)

### [Australia: Victoria and NT State budgets](#)

Victoria and the Northern Territory (NT) released their State budgets last week.

[More details](#)

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## China

### [China: Customs Policy Update - April 2018](#)

This edition comes with the updates on:

- Announcement on Implementation of the Implementation of Related Supporting System.
- Entry-Exit Inspection and Quarantine has been integrated into the General Administration of Customs and the integrated qualification filing of customs declaration and quarantine and inspection for enterprise.
- Announcement of the Customs Tariff Commission of the State Council on Lowering Import Tariffs for Drugs.
- Notice on Value-Added Tax Policies for Anticancer Drugs.

[More details](#)

### [China: U.S. Trade Conflict and Implications to Import and Export Enterprises in the Two Countries](#)

Trade conflicts between China and the United States will have negative impacts including increased duty cost and management risks for companies in both countries who import / export the goods subject to tariffs.

[More details](#)

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## Hong Kong SAR

### [Hong Kong: Enhanced tax deduction for R&D activities in Hong Kong](#)

On 2 May 2018, the Inland Revenue Bill 2018 was introduced into the Legislative Council. This bill provides enhanced tax deductions for certain expenses incurred in relation to research and development ("R&D") activities.

[More details](#)

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## India

### India: Expenditure excluded from “export turnover” also excluded from “total turnover”

The Supreme Court held that expenditures such as freight, telecommunication, and insurance attributable for delivery of software excluded from the “export turnover” must also be excluded from the “total turnover” for computing deduction under section 10A of the Income-Tax Act, 1961. Similarly, the expenditure incurred in foreign exchange for providing the technical services outside India are also to be excluded from the “total turnover.”

[More details](#)

### India: Lessee equalisation charge as deduction

The Supreme Court of India allowed a deduction of a lease equalisation payment relating to the lease (rental) income in accordance with a guidance note from the Institute of Chartered Accountants of India. The Supreme Court agreed with the guidance note, particularly when there was no express bar under the provisions of the Income-tax Act, 1961.

[More details](#)

### India: Lump-sum allowance paid an employee without proof of accommodation expenses

The Hyderabad High Court held that in order for an allowance to qualify as not taxable, it must have been specifically made related to the performance of office duties. Mere reimbursement to meet the high cost of accommodation and other personal expenditures while on assignment would not qualify as not taxable under the Income-Tax Act, 1961.

[More details](#)

### India: Reassessment proceedings cannot be on basis of change of opinion

The Supreme Court held that the initiation of reassessment proceedings by the Assessing Officer is not allowed if it was based on a “change of opinion” and under the same facts and circumstances that were already known during the original assessment proceedings. Accordingly, the reassessment proceedings were set aside.

[More details](#)

### India: Redemption of stock appreciation rights not taxable

The Supreme Court held that an amount received on redemption of “stock appreciation rights” prior to the amendment of section 17(2) of the Income-tax Act, 1961 is not taxable. However, since the transaction in this case pertained to period prior to the amendment, that transaction is not covered under the clause, absent an express provision of retrospective effect.

[More details](#)

### India: Waiver of loan as capital asset not taxable as business income

The Supreme Court held that waiver of a loan made for the purchase of a capital asset is not taxable as income under section 28(iv) of the Income-tax Act, 1961, because the benefit or perquisite arising from the business are in the form of cash or money. In order to invoke the provision of section 28(iv), the benefit that is received must be in some other form than money.

[More details](#)

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## New Zealand

### [New Zealand: Budget scheduled for 17 May](#)

New Zealand's first budget under the new Labour-New Zealand first coalition government is scheduled for 17 May 2018.

[More details](#)

### [New Zealand: GST on low-value imported goods](#)

From 1 October 2019, offshore suppliers selling goods with a total value of less than NZ\$400 to New Zealand consumers will have to charge and collect GST, if their total sales to New Zealand consumers exceeds NZ\$60,000 a year.

[More details](#)

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## Philippines

### [Philippines: When looking back is not an option](#)

Ivy Joy A Navarro, from KPMG in Philippines, provides a reflection on the Tax Reform for Acceleration and Inclusion (TRAIN) and its impacts in Philippines.

[More details](#)

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## Taiwan

### [Taiwan: MoF announced list of treaty countries unable to effectively exchange CbC Report with Taiwan](#)

What is different this year is that Taiwan has adopted the three-tier transfer pricing ("TP") documentation in the local regulations. Hence, Taiwanese entity with the Group's annual consolidated group revenue for 2016 exceeding NTD 27 billion will be required to disclose whether it will be the filing entity for Country-by-Country Report ("CBCR") in Page B6 of the transfer pricing disclosure forms as part of the 2017 corporate income tax ("CIT") return.

[More details](#)

### [Taiwan: New Calculation Mof Taiwan Sourced Income for Foreign Business Engaging in Importing in Taiwan](#)

On April 17, 2018, Taiwan Ministry of Finance (MOF) announced a tax ruling to interpret the new calculation method of Taiwan sourced income derived by foreign business entities engaging in importing, storage, manufacturing and delivery of goods to domestic and foreign customers.

[More details](#)

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## Calendar of Events

Date	Event	Location
15 May 2018	Digital Economy Webcast invite - Asia Pacific <a href="#">More details</a>	Online
18 May 2018	Financial Reporting Changes on the Horizon Contact person: <a href="#">Sharon Ting</a> <a href="#">More details</a>	Singapore Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865
24 May 2018	KPMG Seminar on Corporate Tax, GST and Transfer Pricing Updates for Professionals in Financial Institutions Contact person: <a href="#">Sharon Ting</a> <a href="#">More details</a>	Orchard Hotel Singapore

## Beyond Asia Pacific

### [EU: EU disclosure requirements for certain cross border arrangements](#)

An EU Directive requiring intermediaries and taxpayers to disclose information on certain cross border arrangements is imminent. The new EU Mandatory Disclosure rules, also known as DAC 6, will apply from July 2020, but are expected to have a retrospective effect for all reportable arrangements that have their 'first step' after 20 days following publication of DAC 6 in the official journal (currently expected to be May/June 2018)

[More details](#)

### [Luxembourg: Defensive tax measures in Luxembourg against EU-blacklisted jurisdictions](#)

The Luxembourg tax authorities published a circular on 7 May 2018 detailing the defensive measures that will apply in relation to countries included in the EU list of non-cooperative jurisdictions for tax purposes. Currently, nine non-cooperative jurisdictions are on the EU blacklist (American Samoa, Bahamas, Guam, Namibia, Palau, Saint Kitts and Nevis, Samoa, Trinidad and Tobago, and the US Virgin Islands). The Luxembourg authorities indicate that structures or arrangements involving these countries will be subject to an increased audit risk in Luxembourg, and transactions with associated enterprises in these jurisdictions will be subject to some reporting and documentation obligations.

[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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