



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 05 July 2018



Asia Pacific Tax Developments

Australia

[Australia: Directors duties – Taking it back to basics](#)

The Australian Securities Exchange ('ASX') consultation process is currently underway to update the ASX Corporate Governance Council's Principles and Recommendations, attempts to expand the demographic for whom directors must have regard to in order to preserve their organisation's "social licence to operate". For this purpose, the ASX suggests that an entity's board must consider the views and interests of other stakeholders, such as customers, suppliers, consumers, taxpayers and others.

[More details](#)

[Australia: Parliament update – What tax legislation is still outstanding?](#)

KPMG Australia provide an overview of tax legislation currently being debated and reviewed by Parliament.

[More details](#)

[Australia: KPMG Australia outline some opportunities and tax considerations for organizations interested in entering the global space sector](#)

The recent budget decision to invest \$41 million in an Australian Space Agency, commencing 2018-19, including \$15 million dedicated towards Australian business competitiveness in the global space economy is a modest first step for Australia which is the last Organisation for Economic Co-operation and Development (OECD) country to establish a Space Agency for commercial purposes. Sectors likely to be impacted by the space industry growth include agriculture, mining, communications, financial services (insurance, superannuation funds and investment funds), not for profits and government.

This investment provides a wealth of opportunities for new and existing Australian and international businesses

[More details](#)

[Australia: KPMG Australia review the ATO's Taxation Ruling in regards to when a foreign-incorporated entity may be an Australian tax resident](#)

The Australian Taxation Office ('ATO') has released its much-anticipated Taxation Ruling on central management and control test of residency. TR 2018/5 covers the circumstances in which a foreign-incorporated entity may be an Australian tax resident, together with draft Practical Compliance Guideline (PCG 2018/D3).

[More details](#)

China

[China: PRC Individual income tax reform – Release of the proposed amendments](#)

On 19 June 2018, during the third session of the Thirteenth National People's Congress of the People's Republic of China ('PRC'), Mr. Liu Kun, the Minister of Finance, Ministry of Finance of the PRC, outlined the proposed amendments to the PRC IIT law.

[More details](#)

Hong Kong SAR

[Hong Kong: Transfer Pricing legislation has finally arrived](#)

The Hong Kong transfer pricing legislation - in the form of Inland Revenue (Amendment) (No. 6) Bill 2017 (the "BEPS Bill") has passed. Most of the provisions within the BEPS Bill will have retrospective effect from year of assessment 2018/19.

The amendments most worth noting are as follows:

- Domestic transactions have been excluded from the scope of the transfer pricing regime, provided that certain conditions can be fulfilled to demonstrate that no overall tax advantage has resulted.
- The documentation thresholds have been relaxed to alleviate the burden on smaller Hong Kong businesses of proving their compliance with the arm's length principle.

[More details](#)

India

[India: Guidance for foreign companies, "place of effective management"](#)

India's Central Board of Direct Taxes finalized guidance concerning the "place of effective management" standard and implications for foreign companies.

[More details](#)

[India: Guidance on confidentiality, appropriate use of country-by-country reports](#)

To meet the minimum standard of BEPS Action 13 implementation, the Central Board of Direct Taxes issued Instruction No. 2/2018 providing guidance on appropriate use of Country by Country ('CbC') reports. The instruction includes guidance about maintaining the confidentiality of CbC

reports as well as a framework to monitor, control, and review the appropriate use of information received from CbC reports

[More details](#)

India: India-United States income tax treaty benefits apply without tax residency certificate

The Ahmedabad Bench of the Income-tax Appellate Tribunal in case of Skaps Industries India Pvt. Ltd. held that the taxpayer cannot be denied benefits under the India-United States income tax treaty because it has not furnished a tax residency certificate.

[More details](#)

New Zealand

New Zealand: New Tax Bill, new Act

The Government has followed up enactment of the Taxation (Neutralising Base Erosion and Profit Shifting) Act (which received Royal Assent on 27 June 2018), with the introduction of the Taxation (Annual Rates for 2018-19, Modernising Tax Administration and Remedial Matters) Bill.

[More details](#)

Thailand

Thailand: New income tax treaty with Philippines, effective 2019

A new income tax treaty between Thailand and the Philippines has entered into force, and the treaty provisions will be effective 1 January 2019.

[More details](#)

Singapore

Singapore: India Tax Update

In this issue, KPMG Singapore has provided a summary of key tax and regulatory changes in India.

[More details](#)

Taiwan

Taiwan: FAQs on CRS implementation, due diligence

The tax authority of Taiwan issued a list of “frequently asked questions” (‘FAQs’) related to common reporting standard (‘CRS’) implementation and due diligence procedures. CRS self-certification forms were also issued.

[More details](#)

Significant International Tax Developments



OECD: BEPS discussion draft, transfer pricing aspects of financial transactions

The OECD released a discussion draft on the transfer pricing aspects of financial transactions.

[More details](#)

OECD: Comments received on future revisions to Transfer Pricing Guidelines

The OECD released comments received on the scope of future revisions of Chapter IV (Administrative approaches) and Chapter VII (Intra-group services) of the Transfer Pricing Guidelines.

[More details](#)

Beyond Asia Pacific

Italy: Guidance clarifying mandatory “e-invoicing” and rules for VAT-registered persons

The Italian tax authority on 2 July 2018 published a circular (No. 13/E/2018) to clarify certain issues related to the mandatory requirements for “e-invoices” as introduced by the 2018 budget law.

[More details](#)

Mexico: Tax treatment of expenses during pre-operative period, hydrocarbon industry

The tax authority in late 2017 issued a miscellaneous rule 10.25 (“regla miscelánea 10.25”) to establish that during the “pre-operative period,” entities can include expenses and investments incurred before the first payment is made to the Mexican petroleum fund (“Fondo Mexicano del Petróleo”). This treatment effectively corresponds to the treatment of such expenses and investments in “regular” commercial production situations, and has implications for value added tax purposes.

[More details](#)

United States: Refunds of excise tax on imported beer, wine, distilled spirits.

U.S. Customs and Border Protection issued a release on implementing federal excise tax relief for imports of beer, wine, and distilled spirits, and that outlines what refund procedures will apply with respect to such imports.

Canada:

TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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