

KPMG Asia Pacific Tax Weekly

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Asia Pacific Tax Developments

Australia

Double tax treaty treatment put to the test

Tax Treaty 'Shield but never a sword' heresy put to sword. The Full Federal court in case of Satyam Computer held that the 'deemed source' Article 23(1) in the India/Australia Double Tax Agreement can operate to deem income to have a source in Australia, for the purposes of Australia's domestic tax law. The result is that such income can be liable to tax in Australia notwithstanding that the income in question would not have been liable to tax in Australia under Australian domestic law, but for the application of double tax agreements including the Indian Agreement. This finding has wide ranging implications beyond a specific issue dealt with and highlights the risks of adopting filing positions based on long standing practices.

Proposals for company tax rate cuts

The prime minister announced that the government will be fast-tracking the tax rate reduction for companies with a turnover of less than \$50 million. If the new proposal passes through Parliament, companies with a turnover of less than \$50 million could expect to realise the additional tax cuts up to five years earlier.

"Small reporters" and FATCA XML returns

The Australian Taxation Office (ATO) has announced the release of a tool and instructions for use by FATCA "small reporters" in converting the FATCA information to the required XML format.

Transfer pricing issues concerning centralised offshore non-core procurement hubs

The ATO released an updated version of a "Practical Compliance Guideline" setting out a compliance approach to transfer pricing issues related to centralised operating models commonly referred to as "hubs."

China

Customs Policy Update - for the Period of September 2018

KPMG China released its August 2018 Edition of its Customs Policy Update newsletter.

Imports from China, overlap of Section 301 and MTB provisions

U.S. Customs and Border Protection has announced its position concerning the tariffs imposed on products from China under the recently enacted Miscellaneous Tariff Bill Act of 2018 when there is an overlap with the Section 301 tariffs.

Hong Kong

Chief Executive's 2018 Policy Address

The Chief Executive Carrie Lam has delivered her second policy address. This sets out the Hong Kong government's policies over the coming years.

MPF and ORSO schemes to be removed from the list of non-reporting financial institutions in Hong Kong

To comply with the OECD's requirements, the Hong Kong Government is expected to amend the CRS legislation to remove MPF schemes, ORSO registered schemes, ORSO pooling agreements and approved pooled investment funds from the list of NRIFIs.

Myanmar

Transition period for companies to comply with new companies law; action steps explained

The New Myanmar Companies Law ("the Law") entered into force on 1 August 2018 and the Myanmar Companies Act (1914) was repealed. Existing entities will have a certain period of time (from 6 to 12 months) to complete the necessary steps to comply with the Law (the Transition Period).

Pakistan

Recordkeeping requirements of related-party transactions

The Securities and Exchange Commission of Pakistan issued guidance that requires companies to maintain records of their related-party transactions. The new recordkeeping rules have an effective date of 1 January 2019.

Thailand

Alternative methods for recognition of rental property income, expenses for tax purposes

The Thai Revenue Department has made updates to eliminate the differences between the recognition of revenue and expenses from rental property for accounting and tax purposes, for both the lessor and the lessee of the property.

New International business centre (IBC) regime introduced to replace ROH and IHQ

The Thai Revenue Department (“TRD”) has announced suspending tax incentive regimes previously provided for the Regional Operating Headquarters (“ROH”), International Headquarters (“IHQ”) and International Trade Center (“ITC”). This is to be in accordance with the implementation plan of the Inclusive Framework on the Base Erosion and Profit Shifting (BEPS) joined by Thailand.

Vietnam

EU-Vietnam trade agreement

The European Commission today released a fact sheet about the EU-Vietnam trade agreement. As noted in the EC release, the trade agreement will eliminate over 99% of tariffs and partially remove the remainder through “limited zero-duty” quotas.



Significant International Tax Developments

OECD: CRS avoidance through residence and citizenship by investment schemes

The Organisation for Economic Cooperation and Development (OECD) has announced that under the common reporting standard (CRS) system, it was addressing attempts by “residence and citizenship by investment” (CBI/RBI) schemes (also referred to as “golden passports”) to hide assets held abroad from CRS reporting.



Thought Leadership

2018 Asia Pacific Country Tax Profiles - Philippines

The 2018 edition of Philippines Country Tax Profile has been made available at KPMG Asia Pacific Tax Centre's portal. This guide is useful to understand the respective country's tax system, including information on Corporate Tax, International Tax, Transfer Pricing, Indirect Tax, Personal Tax, Trade & Customs and Tax Authorities. In relation to other countries in Asia-Pacific region, their Tax Profiles will be uploaded in the following weeks.



Calendar of events

Date	Event	Location
23 October 2018	US-China Trade War - Tariff Risk Mitigation Strategy Contacts: KPMG China Market Services	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
8 November 2018	Malaysia - Tax and Business Summit 2018 Contacts: Ms. Sharon Leong Peck Sim / Ms. Fah Siew Peng / Ms. Esther Teh Mei Sum	One World Hotel First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Malaysia.
15 &16 November 2018	General Principles of GST & Reverse Charge Mechanism Contacts: Sharon Ting	Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879



Beyond Asia Pacific

[Canada: Investment limited partnerships to consider new GST/HST election for 2018 fiscal year](#)

Investment limited partnerships ('ILPs') must act now if they want to make an important new GST/HST election for ILPs for their 2018 fiscal year.

[Netherlands: Corporate tax measures proposed to improve business environment](#)

An October 2018 letter from the Deputy Minister of Finance announces that the government has decided not to repeal the dividend tax. Instead, the government now proposes to improve the business climate through other corporate tax measures.



TaxNewsFlash by region

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

[Africa](#)[Americas](#)[Europe](#)[United States](#)



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