



# KPMG Asia Pacific Tax Weekly

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## Asia Pacific Tax Developments

### Australia

#### [Small business capital gains tax \(CGT\) concessions not available for companies using assets to derive rent](#)

The ATO has issued a draft taxation determination reminding taxpayers that assets used by companies to mainly derive rent can't access the small business CGT concessions.

#### [Updated ATO guidance for stakeholders on general purpose financial statements \(GPFS\) regime](#)

In response to feedback from external stakeholders, the ATO has issued updated web guidance (in April 2019) on the provision of general purpose financial statements. The updated guidance provides ATO views on practical issues encountered by stakeholders when seeking to satisfy the GPFS regime.

### China

#### [U.S. countervailing duty investigations, polyester textured yarn from China, India](#)

The U.S. Commerce Department announced the "affirmative preliminary determinations" in the countervailing duty (CVD) investigations of imports of polyester textured yarn from China and India.



## [CBDT notifies changes in Form 16 and Form 24Q](#)

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The Central Board of Direct Taxes (CBDT) has issued a notification declaring an enhanced format for Form 16 and amended the format for Form 24Q, applicable with effect from 12 May 2019. The new amendments are in line with the recent changes notified by the CBDT on the new income tax return forms.

## [Interest is payable on the gross GST liability – High Court, Telangana](#)

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Recently, the High Court of Telangana dismissed the writ petition filed against the interest demand raised by revenue on the gross tax liability. The court held that tax paid on inputs becomes an input tax credit only when a claim is made in the returns filed as self-assessed. In case of a delay in filing of returns, the payment of tax liability, partly in cash and partly in form of claim of input tax credit (ITC) also happens belatedly. Thus, liability to pay interest arises automatically on the gross amount.

## [Maharashtra New Industrial Policy, 2019](#)

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With an intent to make Maharashtra, USD1 trillion economy in the country, the Government of Maharashtra has released 'Maharashtra New Industrial Policy, 2019', which shall be valid for a period of five years from 1 April 2019. The incentives in the industrial policy are in the form of power subsidies, interest subsidies, stamp duty exemption, electricity duty exemption and subsidy on state GST paid.

## [Measuring employee time for service permanent establishment \(PE\) threshold](#)

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The Mumbai Bench of the Income-tax Appellate Tribunal held that in determining the 90-day period for ascertaining whether there is a PE of a non-resident under the India-UK income tax treaty, an employee's "leave period" is excluded, and the stay of employees in India on a particular day must be measured cumulatively and not independently (that is, multiple counting is to be avoided).

## [No withholding on salary paid by Indian entity to employee seconded overseas](#)

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The Bombay High Court held that no tax is to be withheld (deducted) under section 195 of the Income-tax Act, 1961 on the amount of salary paid by an Indian entity to an overseas "deputed" (seconded) employee even if a foreign entity exercised supervision and control over the seconded employee.

## [Permanent establishment thresholds, profit attribution rules](#)

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The KPMG member firm in India has prepared reports about the following tax developments:

- Measuring employee time for service permanent establishment (PE) threshold
- Proposed changes, profit attribution rules for PE in India
- Supreme Court on higher pension benefit under Employees' Pension Scheme, 1995
- No withholding on salary paid by Indian entity to employee seconded overseas

## [Proposed changes, profit attribution rules for PE in India](#)

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The Central Board of Direct Taxes (CBDT)—recognising issues relating to the attribution of profits to a PE as well as the need to bring greater clarity and predictability to the PE regime—formed a committee to examine the existing rules for the attribution of profit to PEs. The committee in April 2019 issued a report for public consultation, and the report includes recommendations for changes to the existing tax rules (Rule 10 of the Income-tax Rules, 1962).

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## [Provisions relating to unexplained cash credit do not apply to transactions](#)

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Recently, the Kolkata Bench of the Income-tax Appellate Tribunal (the Tribunal) in the case of Abhijeet Enterprise Ltd. (the taxpayer) dealt with the applicability of the provisions of unexplained cash credit under Section 68 of the Income-tax Act, 1961 (the Act) to the transaction involving the transfer of shares, etc. within a group.

## [Supreme Court on higher pension benefit under Employees' Pension Scheme, 1995](#)

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The Supreme Court of India denied the government's petition challenging a decision of the Kerala High Court that basically rejected rules that concerned the wage ceiling and pension contribution rules.

## [The CBDT policy providing incentive for disposal of an appeal by the CIT\(A\) in a particular manner is impermissible](#)

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The Bombay High Court in the case of the Chamber of Tax Consultants (the petitioner) dealt with a part of Central Action Plan 2018-19 (CAP) issued by Central Board of Direct Taxes (CBDT).

## [Update on GST notifications, circulars](#)

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The Central Board of Indirect Taxes and Customs has issued guidance (notifications and circulars) concerning the goods and services tax (GST) regime in India.

# Philippines

## [So be IAET](#)

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With the recent signing of the Revised Corporation Code ("RCC") or Republic Act ("RA") 112321, the decades old Corporation Code has now been amended with the primary goal of simplifying corporate governance and to entice new investors to do business in the Philippines. Among the numerous amendments made in the enacted law, one of the notable changes made is the introduction of the One Person Corporation ("OPC").

# Singapore

## [Quarterly Global Tax Disputes Update \(April 2019 edition\)](#)

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In this issue, we bring you our Quarterly Global Tax Disputes Update (April 2019 edition) highlighting the latest news in tax controversy around the world.

## [Reporting financial institutions may begin submitting CRS returns; updated FAQs](#)

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The Inland Revenue Authority of Singapore (IRAS) on 22 April 2019 updated a list of "frequently asked questions" (FAQs) concerning the common reporting standard (CRS) including CRS registration.

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# Taiwan

## [List of countries for AEOI](#)

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The tax authority of Taiwan issued a document that contains a list of countries pursuant to the automatic exchange of information (AEOI) of financial accounts in Taiwan.

# Vietnam

## [U.S. action on laminated woven sacks imported from Vietnam](#)

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The U.S. International Trade Commission (ITC) today announced its findings that a U.S. industry is “materially injured” by reason of imports of laminated woven sacks from Vietnam (imports that the U.S. Commerce Department determined are subsidized and sold in the United States at less than fair value).



## Calendar of events

Date	Event	Location
7 May 2019	<a href="#">Goods &amp; Services Tax (GST) Seminar 2019</a> Contact: <a href="#">Sharon Ting</a>	Orchard Hotel, 442 Orchard Road, Singapore 238879



## Significant International Tax Developments

### [OECD: Tenth edition of Model Tax Convention published](#)

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The Organisation for Economic Cooperation and Development (OECD) announced the publication of the tenth edition of the full version of the OECD Model Tax Convention on Income and on Capital.

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## Beyond Asia Pacific

### [Russia: Full input VAT recovery on export of services, work](#)

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Full input value added tax (VAT) recovery on sales relating to the supply of services and to work performed outside of Russia will be available beginning 1 July 2019 (i.e., the next VAT period).

### [United States: IRS practice unit: Taxation of shipping and air transport income](#)

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The IRS Large Business and International (LB&I) division publicly released a “practice unit”—part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices about tax concepts in general and specific types of transactions.



## TaxNewsFlash by region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)



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