



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 25 July 2019



Asia Pacific Tax Developments

Australia

[Extension of director penalties to GST liabilities](#)

Anti-phoenixing legislation extending the Director Penalty regime, which lapsed when the federal election was called earlier this year, was re-introduced in the House of Representatives on 4 July 2019.

[New tax rates a welcome relief for craft beer brewers](#)

Australia's alcohol tax regime has updated the excise duty rates on beer. Excise duty is applicable to excisable goods, being alcohol, tobacco and fuel, manufactured and sold in Australia.

[Thin capitalisation: Have you correctly identified your debt deductions?](#)

KPMG Australia look at an ATO ruling affecting cross border finance confirming the commissioner's views on what types of costs are debt deductions that are subject to the thin capitalisation calculations.

[Transfer pricing rules, recharacterizing cross-border financing arrangement as debt or equity](#)

The Australian Taxation Office (ATO) finalized a ruling that addresses the question: Can the transfer pricing rules re-characterise a financing arrangement as debt or equity?



[Updated FATCA reporting guidance; requesting extension of time](#)

The ATO updated the FATCA reporting page, providing modified steps for reporting institutions to request an extension of time using certain options.

Hong Kong

[Guidance concerning transfer pricing documentation, country-by-country reports](#)

Transfer pricing legislation was enacted in Hong Kong in July 2018. The Hong Kong Inland Revenue Department has published three “Departmental Interpretation and Practice Notes” on 19 July 2019.

India

[Clarification on supply of ITeS vis-a-vis intermediary services](#)

The Central Board of Indirect Taxes and Customs (‘CBIC’) issued a circular to clarify whether the supply of information technology-enabled services (ITeS) on behalf of clients would qualify as intermediary services and whether these services would qualify as exports.

[Circular update - Treatment of goods taken out of India for “sale on approval basis”](#)

CBIC released a circular to clarify issues concerning the maintenance of records, issue of delivery of Challan or raising of invoices in cases where goods are taken out of India for an exhibition or on a consignment basis for export promotion.

[Proposed amendments to the Finance Bill \(No.2\), 2019](#)

The Lok Sabha passed the Finance (No. 2) Bill, 2019 presented by Finance Minister with key amendments.

[Service PE under India-UK tax treaty; “any 12-month period” is previous/Financial year](#)

The Mumbai Bench of the Income-tax Appellate Tribunal (‘the Tribunal’) determined that the phrase “any 12-month period” as used in the service permanent establishment (PE) clause of the India-UK income tax treaty means the “previous year” or “financial year.”

[Plan for amalgamation, no exemption from filing revised income tax return](#)

The division bench of the Madras High Court overturned a decision from a single judge order of the court, and instead decided that the provisions under a plan of amalgamation did not provide an exemption from the statutory procedure for filing a revised income tax return under the Income Tax Act, 1961.

[Protocol amending income tax treaty with China](#)

The government in India “notified” the Protocol amending India’s income tax treaty with China. The Protocol - signed 26 November 2018 - is effective in India with respect to income derived in any fiscal year beginning on or after 1 April 2020.

[Short Term Capital Gains arising to a Non Resident on sale of units of equity oriented mutual funds are not taxable under India-UAE treaty](#)

The Cochin bench of the Tribunal recently held that for a taxpayer who is a resident of UAE for the purposes of the Double Taxation Avoidance Agreement between India and the UAE, Short Term Capital Gain (STCG) arising from sale of units of equity oriented mutual funds are not liable to tax in India in accordance with the provisions of the treaty as such STCG would be taxable in the country of residence on the basis that shares and equity oriented mutual funds are two separate types of securities.

Indonesia

[Regulation clarifies permanent establishment requirements](#)

Regulation No.35/PMK.03.2019 is intended to help identify what constitutes a permanent establishment with respect to the business activities conducted by foreign entities in Indonesia.

Japan

[Import requirements clarified under economic partnership agreement with EU](#)

Representatives of the government of Japan and the European Union (EU) agreed to a process that is intended to address concerns about the implementation of the economic partnership agreement between Japan and the EU.

Mauritius

[FATCA, CRS reporting due 31 July 2019](#)

The deadline for reporting information on financial accounts to the Mauritius Revenue Authority for FATCA and common reporting standard (CRS) purposes is 31 July 2019.



Significant International Tax Developments

[OECD: Update on preferential regimes, new results on no-tax, nominal-tax jurisdictions](#)

The Organisation for Economic Cooperation and Development (OECD) issued a release reporting a status update on implementing the base erosion and profit shifting (BEPS) Action 5 minimum standard.



Beyond Asia Pacific

[Nigeria: Taxpayer's right to appeal when assessment has been paid](#)

The Tax Appeal Tribunal in Lagos issued a decision in a case concerning the taxpayer's right to appeal when there has been a payment of the tax assessment. The appellate tribunal held that payment of the tax assessment does not extinguish a taxpayer's right to appeal against the assessment.

[United Kingdom: Proposals to simplify inheritance tax rules](#)

The Office of Tax Simplification conducted a review of and suggested changes to simplify the inheritance tax rules.



TaxNewsFlash by region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



Khoon Ming Ho
Head of Tax & Legal,
KPMG Asia Pacific
T : +8610 8508 7082
E : khoonming.ho@kpmg.com

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma D Sharma
Chief Operating Officer, Tax & Legal
KPMG Asia Pacific
T : +65 8186 7369
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



Tony Gorgas
Asia Pacific Regional Leader,
Transfer Pricing Services
KPMG International
T : +61 2 9335 8851
E : tgorgas@kpmg.com.au

Research & Development (R&D) Tax Incentives



Alan Garcia
Asia Pacific Regional Leader,
R&D Tax Incentives
KPMG International
T : +61 3 9288 6094
E : afgarcia@kpmg.com.au

Indirect Tax Services



Lachlan Wolfers
Asia Pacific Regional Leader,
Indirect Tax Services
KPMG International
T : +852 2685 7791
E : lachlan.wolfers@kpmg.com

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KPMG Asia Pacific Tax Centre Contacts

Global Compliance Management Services and Financial Services



Jenny Clarke
Asia Pacific Regional Leader,
Global Compliance
Management Services and
Financial Services
KPMG International
T : +61 2 9335 7213
E : jeclarke@kpmg.com.au

Global Mobility Services



Ben Travers
Asia Pacific Regional Leader,
Global Mobility Services
KPMG International
T : +61 3 9288 5279
E : btravers1@kpmg.com.au

International Tax



Christopher Xing
Asia Pacific Regional Leader,
International Tax
KPMG International
T : +8610 8508 7072
E : christopher.xing@kpmg.com

Deal Advisory M&A Tax



Angus Wilson
Asia Pacific Regional Leader,
Deal Advisory M&A Tax
KPMG International
T : +61 2 9335 8288
E : arwilson@kpmg.com.au

Dispute Resolution and Controversy



Angela Wood
Asia Pacific Regional Leader,
Dispute Resolution and
Controversy
KPMG International
T : +61 3 9288 6408
E : angelawood@kpmg.com.au

Legal Services



Stuart Fuller
Asia Pacific Regional Leader,
Legal Services
KPMG International
T : +61 2 9458 1590
E : stuartfuller@kpmg.com.au

Trade & Customs



Leonie Ferretter
Asia Pacific Regional Leader,
Trade & Customs Services
KPMG International
T : +61 2 9455 9330
E : lferretter@kpmg.com.au

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KPMG Asia Pacific Tax Centre Contacts

Market Sector Specialists

Energy & Natural Resources



Carlo Franchina
Asia Pacific Regional Tax
Leader, Energy & Natural
Resources Sector
KPMG International
T : +61 8 9263 7239
E : cfranchina@kpmg.com.au

Insurance



John Salvaris
Asia Pacific Regional Leader,
Insurance Sector
KPMG International
T : +61 3 9288 5744
E : jsalvaris@kpmg.com.au

Sovereign Wealth and Pension Funds



Angus Wilson
Asia Pacific Regional Leader,
Sovereign Wealth and Pension
Funds Sector
KPMG International
T : +61 2 9335 8288
E : arwilson@kpmg.com.au



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