



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 17 February 2022



Asia Pacific Tax Developments

Australia

[Proposal for “patent box” regime](#)

The Federal Government introduced the Treasury Laws Amendment Bill 2022 (Bill) into the House of Representatives. The bill's objective is to stimulate business innovation in the field of therapeutic substances and devices by allowing profits attributable to eligible patents to be subject to a reduced corporate income tax rate of 17% from 1 July 2022.

Cambodia

[Tax relief extended for certain sectors, including tourism industry \(COVID-19\)](#)

Tax relief measures provided to certain sectors in Cambodia continue to be extended in response to the COVID-19 pandemic. Taxpayers eligible for the tax relief/incentives need to continue to comply with their obligations although the payment of the applicable tax dues/fees will be borne by the state.

India

[Interest paid on income tax refund held taxable under tax treaty with United States](#)

The Delhi Bench of the Income-tax Appellate Tribunal held that interest on an income tax refund was not effectively connected with the taxpayer's permanent establishment (PE) in India, either on the basis of asset-test or activity-test. Hence, the interest was subject to tax under the provisions of Article 11(2) of the income tax treaty between India and the United States.

[Tax withheld reduced by “equalization levy” \(digital services tax\) paid \(court decision\)](#)

The Delhi High Court held that an Indian entity making a payment to a foreign taxpayer was permitted to withhold tax at the rate of 8% instead of 10% as provided under the applicable tax treaty because the payment was already subject to the 2% “equalization levy” (digital services tax).

[No separate notification required, “most favoured nation” treaty clause \(tribunal decision\)](#)

The Pune Bench of the Income-tax Appellate Tribunal held that no separate notification by India is required to secure the benefit of the “most favoured nation” (MFN) clause under the India-Spain income tax treaty.

New Zealand

[Public consultation on digitizing the tax system](#)

Inland Revenue released a consultation document requesting feedback on possible policy changes to support a more digital tax system. The consultation document sets out a framework for considering policy changes and considers what the shift to digital could mean for taxpayers, external parties and intermediaries (including tax advisors), and Inland Revenue.

Vietnam

[Almost all tax treaties implicated with the signing of MLI](#)

Officials of the government of Vietnam signed the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting”—the multilateral instrument or MLI. With the signing of the MLI, Vietnam would include within the scope of implementation of the MLI, 75 of the current 76 income tax treaties in force.



Calendar of events

Date	Event	Location
17 February 2022	KPMG Asset Management Series Contact: Jessica Luk at +852 2685 7620	Webinar
24 February 2022	Sales Tax and Service Tax: Fundamentals and Latest Developments Contact: taxevents@kpmg.com.my	Webinar
2 March 2022	KPMG People Services Webinar – Hong Kong Year-End Updates Contact: Wing Cheung	Webinar



Beyond Asia Pacific

[South Africa: Effects of reduced corporate income tax rate on investors in REITs](#)

The Minister of Finance in February 2021 announced that the corporate income tax rate would be reduced to 27% (from 28%) for companies with years of assessment beginning on or after 1 April 2022. However, the rate reduction has yet to be enacted.

[Netherlands: Revised government position concerning taxation of severance payments, cross-border workers](#)

The Dutch Ministry of Finance issued new guidance regarding the allocation of the taxation of severance payments of cross-border workers. With the new position, a severance payment is to be sourced over the period of employment on which the severance is based.



TaxNewsFlash by region

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[Americas](#)

[Europe](#)

[United States](#)



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