



KPMG Asia Pacific Tax Weekly

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Asia Pacific Tax Developments

Australia

[Tax and transfer pricing implications of IBOR reform](#)

The transition from the Inter-bank Offered Rate (IBOR) to Alternative Reference Rates (ARRs) is nearly complete. From a tax perspective, a key consideration is whether changes to existing financial arrangements to incorporate ARR result in a tax event or a change in the tax status of the financial arrangement.

India

[Computation of taxability of interest on excess contribution made by employee to their Provident Fund account](#)

The Finance Act, 2021, vide amendment in the relevant provision of the Income-tax Act, 1961 has limited the tax exemption with respect to interest income on the contributions made by the employee in a financial year in a recognized provident fund to INR 250,000.

[Payments for online advertisements not taxable in India \(tribunal decision\)](#)

The Mumbai Bench of the Income-tax Appellate Tribunal held that payments made by a taxpayer for online banner advertisements were not taxable in India, and thus the taxpayer was not required to withhold tax with respect to such payments.

[CBDT notifies e-Dispute Resolution Scheme, 2022](#)

Recently, the Central Board of Direct Taxes (CBDT) has issued a Notification prescribing e-Dispute Resolution scheme, 2022 and its Rules.

[Tax relief on income arising from foreign retirement funds](#)

Budget 2020-21 introduced a new Section wherein the income accrued to a resident individual from an overseas retirement benefit account opened by such individual while being a non-resident in India and resident in such overseas jurisdiction, would be taxed in the manner and in the year as prescribed. In this effect, the CBDT has now inserted a new Rule detailing the manner of taxation of income from retirement benefits account maintained in a notified country from tax year 2021-22 onwards.

[Subscription fees for CRM services are not taxable as royalty under the India-Singapore tax treaty](#)

The Delhi Bench of the Tribunal in the case of Salesforce.com Singapore Pte Ltd held that income earned by the taxpayer from the Indian customers with respect to the subscription fees for Customer Relationship Management was not taxable as royalty under Section 9(1)(vi) of the Act as well as under Article 12 of the India-Singapore tax treaty.

[No dependent agent permanent establishment under India-Mauritius tax treaty \(tribunal decision\)](#)

The Mumbai Bench of the Income-tax Appellate Tribunal held that the taxpayer did not have a dependent agent permanent establishment in India under Article 5(4) of the India-Mauritius income tax treaty.

[Economic co-operation and trade agreement with Australia, tax implications for Indian companies](#)

India and Australia signed an economic co-operation and trade agreement in which Australia has agreed to amend its domestic law to stop the taxation of offshore income of Indian companies providing technical services to Australian clients.

[Payments to subcontractor in China taxable as "fees for technical services" under India-China treaty](#)

The Bangalore Bench of the Tribunal held that subcontracting charges paid by the taxpayer, an Indian company, to its Chinese subsidiary are taxable as "fees for technical services" under the Income-tax Act, 1961 and the India-China income tax treaty.

[Computation of taxability of interest on excess contribution made by employee](#)

The Employees Provident Fund Organization has recently issued a circular detailing the calculation and mode of deduction of taxable interest relating to employee's contribution in his/her PF account exceeding INR 250,000.

[Reassessment notice emailed on last day of limitation period held valid \(court decision\)](#)

The Madras High Court held that a reassessment notice e-mailed and digitally signed by the tax authority on the last day of the limitation period was valid.

Malaysia

[Updated customs duties order covering new emerging products](#)

The Ministry of Finance issued the new Customs Duties Order 2022, effective 1 June 2022, that will supersede the existing Customs Duties Order 2017. It has been updated with a total of 351 sets of amendments covering different new emerging products such as drones, smartphones, and vapes, in line with the everchanging trade patterns and technology.

[Tax corporate governance framework and guidelines](#)

The Malaysian Inland Revenue Board has issued the tax corporate governance framework (TCGF) and guidelines to assist organizations in designing and operating their TCGF and encourage voluntary participation in the TCGF programme.

[Exclusion of Foreign Source Income from Cukai Makmur Computation](#)

Pursuant to Finance Act 2021, a special one-off tax termed as Cukai Makmur has been introduced for companies other than small and medium enterprises, where a 33% corporate income tax rate will be levied on chargeable income exceeding RM100 million for the year of assessment 2022.

[Guidance on sales tax exemption on importation of pallets](#)

The Royal Malaysian Customs Department published the Sales Tax Policy 1/2022 relating to the sales tax exemption on the importation or acquisition of pallets.

Philippines

[Deadline for submission of attachments to 2021 income tax returns](#)

The Bureau of Internal Revenue has issued Revenue Memorandum Circular No. 46-2022 to clarify that the deadline for the submission of attachments to the 2021 annual income tax return is on or before 31 May 2022, whether the electronically filed return is an original or an amended return.

[Guidance concerning filing of income tax returns for 2021 tax year](#)

The Bureau of Internal Revenue has issued the various guidance it clarifies deadline for filing annual income tax returns for the 2021 tax year, guidelines on the non-imposition of surcharge on amended tax returns, and additional guidelines in the filing of annual income tax returns and payment of tax due thereon for the 2021 tax year.

[Guidance concerning VAT certifications, other measures](#)

The Bureau of Internal Revenue has issued guidance concerning VAT certifications.

Thailand

[Additional control measures for “customs free zones”](#)

The Thai Customs Department has launched additional control measures for “customs free zones” (CFZ). Additional requirements has been set out in Customs Notification No. 22/2022, for both CFZ establishers and the CFZ users in commercial CFZs.



Significant International Tax Developments

[OECD: Extractives exclusion under Amount A of Pillar One; public consultation](#)

The Organisation for Economic Cooperation and Development (OECD) issued a release seeking public comments on the extractives exclusion under Amount A of Pillar One—part of the ongoing work of the OECD/G20 Inclusive Framework on base erosion and profit shifting (BEPS) in implementing the two-pillar solution to address the tax challenges arising from the digitalisation of the economy.

[OECD: Comments on implementation framework of global minimum tax](#)

The Organisation for Economic Cooperation and Development (OECD) released comments received on the implementation framework of the global minimum tax.



Calendar of events

Date	Event	Location
22 April 2022	<u>Overview of the 2021/22 Hong Kong Profits Tax Compliance for Chinese FS Groups Operating in Hong Kong</u> Contact : korie.lau@kpmg.com or +852 2847 5181	Webinar
24 May 2022	<u>Tax Insights for Property Transactions and Investments</u> Contact : taxevents@kpmg.com.my	Webinar



Beyond Asia Pacific

[Zimbabwe: Extended deadlines for corporate income tax and transfer pricing returns for 2021](#)

The deadlines for submission of self-assessment of corporate income tax returns for the tax year 2021 changed, per public notice 29 2022 to – 30 June 2022 for small clients; 31 July 2022 for medium clients; and 31 August 2022 for large clients. The deadline for submission of transfer pricing returns, which are filed as an attachment to corporate income tax returns, was thus also changed to 31 August 2022.

[United States: IRS reminds employers of penalty relief related to claims for employee retention credit \(COVID-19\)](#)

The IRS has issued a release in response to taxpayer requests for penalty relief when additional income tax is owed because the deduction for qualified wages is reduced by the amount of a retroactively claimed employee retention credit, but the taxpayer is unable to pay the additional income tax because the refund payment relating to the employee retention credit has not yet been received.



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