



KPMG Asia Pacific Tax Weekly

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Asia Pacific Tax Developments

Australia

[Overview of tax measures in 2022-2023 budget \(Victoria\)](#)

The Victorian government's budget for 2022-2023 reflects new revenue measures, the government announced an increase to the maximum marginal tax rate for electronic gaming machines operated at casinos that would generate approximately \$85 million over the forward estimates. Other indirect tax measures include land tax and stamp duty. Land tax from 1 January 2022 through 31 December 2031, eligible "build to rent" developments receive a 50% land tax concession for up to 30 years and a full exemption from "absentee owner surcharge" over the same period. Stamp duty for first-home buyers may be exempt if they buy a property for \$600,000 or less, with concessions available for properties valued up to \$750,000. The first homeowner grant provides eligible first home buyers \$10,000 to help them purchase a newly constructed home.

Cambodia

[Tax incentives for taxpayers that voluntarily amend tax returns, with regard to IPOs](#)

Taxpayers that voluntarily adjust their tax returns and make payments of the underpaid tax prior to a tax audit are provided some relief from the 10% additional tax. As an incentive to encourage voluntary revisions to tax returns, taxpayers may be eligible for a reduction (equal to 50% or 20% of late-payment interest, depending on the date of the revision). This relief is not available if the tax return amendments are made during a tax audit.

China

[Additional category added to the list of itemized deduction for PRC individual income tax](#)

The state council issued the notice of the state council on introduction of additional individual income tax (IIT) itemized deduction of care for infants under the age of 3, which brings the number of the additional itemized deductions to a total of seven types. Following that, the State Taxation Administration (STA) issued the announcement of the STA to revise and promulgate the administrative measures for IIT additional itemized deductions (trial implementation), which clarifies the relevant implementation details.

Hong Kong (SAR), China

[Profits found to be offshore-sourced, not subject to profits tax \(court decision\)](#)

The Court of First Instance issued a decision in a case allowing a taxpayer's appeal and overturning the decision of the Board of Review. The Court of First Instance held that: the taxpayer did not carry on a business in Hong Kong (SAR); and its profits did not arise from commercial operations in Hong Kong (SAR). The profits were, therefore, held to be offshore-sourced and not subject to Hong Kong (SAR) profits tax.

India

[Guidance on filing updated tax returns](#)

The Central Board of Direct Taxes (CBDT) issued a notification introducing new rule 12AC in the Income-tax Rules, 1962 prescribing the manner for filing an updated tax return. The updated tax return can be filed for the assessment year 2020-21 onwards. The return must be filed in Form No. ITR-U, along with the applicable ITR Form from ITR-1 to ITR-7.

[Reimbursement of salaries paid to secondary employees is not taxable as FTS](#)

The Bangalore Bench of the Income-tax Appellate Tribunal (the Tribunal) in the case of Toyota Boshoku Automotive India Pvt Ltd (the taxpayer) dealt with the taxability of reimbursement made by the taxpayer to its non-resident group company towards the salary of seconded employees. The Tribunal held that there was an employer-employee relation between the taxpayer and the seconded employees. If the seconded employees were regarded as employees of the taxpayer in India, then such reimbursement would not be in the nature of FTS (Fees for Technical Services), but it would be in the nature of 'salary'. Therefore, the reimbursements are not chargeable to tax in the hands of a Japanese entity, and there would be no obligation to deduct tax at source at the time of making payment under Section 195.

[Prescribed conditions for mandatory filing of return of income](#)

The Finance Act, 2019 had inserted a new provision to section 139(1) of the act detailing conditions for mandatory filing of income tax return for individuals if cash deposited annually in current account exceeds INR 10,000,000 or annual expenditure of foreign travel exceeds INR 200,000 or annual expenditure on consumption towards electricity exceeds INR 100,000.

[Determining value of land as part of construction contract for GST purposes](#)

The Gujarat High Court held that with regard to a contract for the purchase of land and the construction of a residence on that land, a deemed one-third deduction from the total amount of consideration under the contract for the value of land was contrary to the goods and services tax legislation. The High Court found that the one-third deemed deduction was not required in instances when the value of land was clearly ascertainable or when the value of the construction service can be derived through application of existing valuation rules.

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

The Delhi Bench of the Income-tax Appellate Tribunal held that an Indian entity did not constitute a fixed place permanent establishment of the taxpayer in India under the India-Singapore income tax treaty because the sales effected by the Indian entity were on its own independent status. The tribunal found that the products purchased and kept in its inventory could not be considered products belonging to the taxpayer. Rather, the sales transactions were on a principal-to-principal basis for resale by the Indian entity to Indian customers. Further, the tribunal held that the Indian entity could not be treated as dependent agent permanent establishment of the taxpayer under the treaty since it was not habitually exercising authority to conclude contract on behalf of the taxpayer.

[Notice issued under old reassessment regime deemed issued under new reassessment regime](#)

The Supreme Court held that a reassessment notice issued under the old reassessment regime, and after such provisions were amended, was deemed issued under the new reassessment regime. The Supreme Court modified several High Court decisions which quashed the notices issued under the old reassessment regime, irrespective of whether they had been raised before the Supreme Court or not.

Indonesia

[Guidance concerning taxation of income from construction services](#)

The government issued guidance concerning the taxation of income from construction services which, among other changes, introduces a new construction service category. The Ministry of Finance stated that it will re-evaluate the taxation of construction services within three years.

Malaysia

[Tax Audit Framework 2022, Finance and Insurance Tax Audit Framework 2022, Petroleum Tax Audit Framework 2022](#)

The Malaysian Inland Revenue Board has issued the following updated tax audit frameworks:

- Tax Audit Framework which replaces the Tax Audit Framework
- Tax Audit Framework Finance and Insurance which replaces the Tax Audit Framework Finance and Insurance; and
- Tax Audit Framework Petroleum which replaces the Tax Audit Framework Petroleum.

[Tax implications of statutory changes for unit trust funds \(Finance Act 2021\)](#)

The Finance Act 2021 introduced several amendments to the Income Tax Act 1967 that would change the tax landscape for unit trust funds in 2022. The changes include taxation of foreign sourced income, distribution from retail money market funds to unit holders, and other withholding tax obligations.

New Zealand

[Consultation on implementation of Pillar Two rules](#)

Inland Revenue released a consultation document requesting feedback on whether and how New Zealand might implement the Pillar Two rules of the OECD/G20 Inclusive Framework's proposed solution to the tax challenges arising from digitalization of the economy. The rules under Pillar Two would establish a global minimum tax of 15% for multinational enterprises with a turnover of at least €750 million, effective from 2023.

Philippines

[Updated VAT guidance regarding export enterprises](#)

The Bureau of Internal Revenue has issued revenue memorandum to amend certain portions which provides clarifications on the transitory provisions and certain issues pertaining to the value added tax treatment of transactions by registered business enterprises—particularly registered export enterprises.

Singapore

[Updated guidance on FATCA and CRS return filing](#)

The Inland Revenue Authority of Singapore announced that all Singaporean reporting financial institutions need to submit their FATCA and common reporting standard return(s) for calendar year 2021 by 31 May 2022.

[Changes to family office tax incentive regimes](#)

The Monetary Authority of Singapore has implemented changes to two tax incentive regimes commonly used to establish family office structures in Singapore. The Section 130 and Section 13U tax incentive regimes have been popular among those looking to establish family office structures in Singapore. Under those regimes, a single-family office providing services to the wealth structure of only one family can be exempt from regulation.

Taiwan

[Extension of individual income tax return filing and payment deadlines \(COVID-19\)](#)

The Taiwan Ministry of Finance announced that due to the coronavirus (COVID-19) pandemic, tax filing and payment deadlines for individual income tax for 2021 are extended to 30 June 2022, without late payment interest and penalties.

Vietnam

[Recommended focus on tax audit and inspection of high-risk industries and areas](#)

The General Department of Taxation issued guidance—Official Letter No. 769/TCT-TTKT requesting provincial and municipal tax authorities to focus on tax audit and inspection of several high-risk industries and areas. The recommended key focal points include invoices, tax refunds, e-commerce, and transfer pricing.



Significant International Tax Developments

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

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

[OECD: Comments on extractives exclusion under Amount A of Pillar One](#)

The Organization for Economic Cooperation and Development released comments received on the extractive's exclusion under Amount A of Pillar One.

[OECD: Comments on tax transparency framework for crypto-assets, proposed amendments to CRS](#)

The Organization for Economic Cooperation and Development released comments received on a new global tax transparency framework to provide for the reporting and exchange of information with respect to crypto-assets, as well as proposed amendments to the common reporting standard for the automatic exchange of financial account information among countries.

[OECD: Tax transparency in Latin America 2022](#)

The Organization for Economic Cooperation and Development published a report showcasing the region's recent progress in tackling tax evasion and other financial crimes through transparency and exchange of information for tax purposes.

[OECD: Comments on draft rules for domestic legislation on scope under Amount A of Pillar One](#)

The Organization for Economic Cooperation and Development released comments received on draft model rules for domestic legislation on scope under Amount A of Pillar One.



Calendar of events

Date	Event	Location
18 May 2022	Dialogue with HASiL - Cooperative Tax Compliance: A Tax Audit Journey Contact : KPMGCONFERENCESSEMINARS@KPMG.COM.MY	Webinar
20 May 2022	New Zealand Budget 2022	Webinar
24 May 2022	Tax Insights for Property Transactions and Investments Contact : taxevents@kpmg.com.my	Webinar
25 May 2022	TP Audit Forum Two Sides of the Same Coin Contact : taxevents@kpmg.com.my	Webinar
8 June 2022	Taxation of Unit Trust Funds in Malaysia Contact : taxevents@kpmg.com.my	Webinar



Beyond Asia Pacific

[Nigeria: Submission of qualifying capital expenditure certificates](#)

The Federal Inland Revenue Service (FIRS) issued a public notice directing companies that purchased qualifying capital expenditure worth ₦500,000 and above during the 2016 and 2021 years of assessment to submit certificates issued by the Industrial Inspectorate Division of the Federal Ministry of Industry, Trade and Investment to the tax office where their respective tax file is domiciled.

[Bolivia: Extension of VAT deadlines for April 2022](#)

The tax authority issued guidance RND No. 102200000009 that extends the deadline related to certain value added tax requirements for the month of April 2022. The guidance extends through 12 May 2022, the deadline for registering or confirming tax receipts or documents in the "purchases and sales registry" for transactions conducted during April 2022.

[Costa Rica: Tax-related incentives for investment outside greater metropolitan area](#)

The Congress approved bill number 22.607 known as the "law to strengthen territorial competitiveness for promoting the attraction of investments outside the greater metropolitan area." The law provides that national and foreign companies that relocate outside the greater metropolitan area can opt for the benefits, exemptions and incentives established in law number 7210 known as the "free trade zone regime law".



TaxNewsFlash by region

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[Europe](#)

[United States](#)



KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax & Legal



Lewis Lu
Head of Tax & Legal
KPMG Asia Pacific
E : lewis.lu@kpmg.com

Global Head of Tax & Legal Clients & Markets Leader



Brahma D Sharma
Global Head of Tax & Legal Clients & Markets
Partner, KPMG Asia Pacific
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



Tony Gorgas
Transfer Pricing Services Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : tgorgas@kpmg.com.au

Indirect Tax Services



Shirley Shen
Indirect Tax Service Leader
KPMG Asia Pacific
Partner, KPMG in Singapore
E : shirleyshen@kpmg.com.sg



KPMG Asia Pacific Tax Centre Contacts

Global Compliance Management Services and Financial Services



Jenny Clarke
Global Compliance Management Services and Financial Services Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : jeclarke@kpmg.com.au

Global Mobility Services



Ben Travers
Global Mobility Services Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : btravers1@kpmg.com.au

International Tax



Dean Rolfe
International Tax Services Leader
KPMG Asia Pacific
Partner, KPMG in Singapore
E : deanrolfe@kpmg.com.sg

Deal Advisory M&A Tax



Angus Wilson
Deal Advisory M&A Tax Services Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : arwilson@kpmg.com.au

Dispute Resolution and Controversy



Lian Seng Soh
Dispute Resolution and Controversy Services Leader
KPMG Asia Pacific
Partner, KPMG Malaysia
E : lsqh@kpmg.com.my

Legal Services



Stuart Fuller
Global Head of Legal Services
Partner, KPMG Australia
E : stuartfuller@kpmg.com.au

Trade & Customs



Leonie Ferretter
Trade & Customs Services Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : lferretter@kpmg.com.au

Tax Policy



Conrad Turley
Tax Policy Services Leader
KPMG Asia Pacific
Partner, KPMG China
E : conrad.turley@kpmg.com



KPMG Asia Pacific Tax Centre Contacts

Market Sector Specialists

Energy & Natural Resources



Carlo Franchina
Energy & Natural Resources Tax
Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : cfranchina@kpmg.com.au

Insurance



John Salvaris
Insurance Tax Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : jsalvaris@kpmg.com.au

Sovereign Wealth and Pension Funds



Angus Wilson
Sovereign Wealth and Pension
Funds Tax Leader
KPMG Asia Pacific
Partner, KPMG Australia
E : arwilson@kpmg.com.au

Asset Management



Darren Bowdern
Asset Management Tax Leader
KPMG Asia Pacific
Partner, KPMG China
E : darren.bowdern@kpmg.com

Banking



John Timpany
Banking Sector Leader
KPMG Asia Pacific
Partner, KPMG China
E : john.timpany@kpmg.com



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