



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 22 February 2018



Budget Announcement



Singapore: Budget 2018

The Finance Minister on 19 February 2018, delivered a budget for 2018.

The goods and services tax (GST) rate will increase from 7% to 9%, at some point between 2021 and 2025, and GST will be introduced on business-to-business and business-to-consumer imported services on or after 1 January 2020.

Other tax-related measures includes:

- One provision is intended to encourage companies to reduce emissions, and outlines details of a previously announced carbon tax to be implemented from 2019.
- Another measure is aimed at helping domestic companies cope with near-term cost pressures, with the extension of a wage credit scheme for three more years.
- A 250% tax deduction for donations made to “institutions of public character” is also extended for another three years.

[More details](#)

Asia Pacific Tax Developments

Australia

[Australia: ATO focus areas for superannuation fund tax](#)

At the recent Financial Services Taxation Conference, the Australian Taxation Office (ATO), addressed the conference in relation to the ATO's approach to significant financial services tax issues

The ATO outlined four key areas of focus in relation to superannuation funds, namely:

- propagation (and de-propagation), in particular the application of PCG 2017/D6
- data integrity from underlying investment systems
- increased non-portfolio offshore investments
- accelerating shift of assets to pension phase

[More details](#)

[Australia: Cleaners and couriers going “on report”](#)

The federal government's introduction of the Treasury Laws Amendment (Black Economy Taskforce Measures No. 1) Bill 2018 represents the next phase of its effort to improve tax compliance across some perceived higher risk sectors of the economy. If passed, the Bill will require businesses which provide cleaning or courier services to make an annual report to the ATO of all the consideration they provide to other entities (such as subcontractors and non-employee workers) for carrying out those services. This represents an extension of the Taxable Payments Reporting System that currently applies to the building and construction industry, and government related entities.

[More details](#)

[Australia: GST Withholding on Residential Premises](#)

On 7 February 2018, the Government introduced a bill containing measures that will require purchasers of new residential premises and potential residential land to withhold up to 1/11th of the contract price (GST withholding) and pay it to the ATO. The measures also extend goods and services tax (GST) withholding to long term leases.

[More details](#)

[Australia: Papua New Guinea Compliance – Now a Priority](#)

KPMG Australia discusses the increasing focus by authorities in PNG on automatic penalties for the late lodgement of statutory compliance returns. Historically companies paid taxes and/or lodged returns late without penalties or other consequences. However the IPA's new system now imposes automatic penalties for the late lodgement of statutory compliance returns. More concerning is that it has published a list of 'defaulting companies' on its website, being companies with outstanding annual returns, and was threatening to start striking off these companies if they fail to bring their returns up to date.

[More details](#)

[Australia: Records are cool](#)

The ATO has released Taxation Ruling 2018/2 Income tax: record keeping and access - electronic records. While this ruling does not change the Commissioner's existing views (and essentially compiles previous public advice/guidance), it is a timely reminder to reflect on existing record keeping practices. [More details](#)

[Australia: Super relieved about the extension?](#)

KPMG Australia discusses the proposed extension of tax rollover relief to merging superannuation funds. If enacted in its proposed form, the rollover relief will apply to mergers occurring from 1 July 2017 to 1 July 2020 meaning that it will apply retrospectively to mergers that occurred after the previous subset date of 1 July 2017.

[More details](#)

[Australia: Superannuation in the spotlight](#)

KPMG Australia discusses why organisations should review their compliance with the Superannuation Guarantee. Government enquiries and union backed research, have identified potentially significant underpayment of employer Superannuation Guarantee (SG) obligations. Consequently, SG compliance has become a particular focus of the ATO.

[More details](#)

[Australia: Top 10 STP questions answered by the ATO](#)

KPMG Australia discusses the ATO's update on employer obligations under Single Touch Payroll (STP) on their website. As the mandatory start date for STP approaches (1 July 2018), employers should be discussing with their payroll provider when the software will be available and ready for testing to ensure there is sufficient time for an effective implementation.

[More details](#)

[Australia: Understanding the New Chinese Outbound Investment Regulations](#)

On 1 March 2018, new Administrative Measures for Overseas Investments by Enterprises (the measures) by Chinese National Development and Reform Commission (NDRC) will come into effect. The new measures aim to improve the competitiveness of Chinese outbound investment by:

- Simplifying the filing and approval procedures
- Eliminating the filing requirement of a project information report before commencing substantive work on the transaction
- Limiting the government processing time, and
- Extending the filing confirmation / approval notice to two years unless there are any material changes in the key terms

[More details](#)

China

[China: Customs Policy Update - for the Period of January 2017](#)

The following matters are covered in this issue:-

- GAC Announcement on 2018 Tariff Adjustment Plan
- GAC Announcement on the Imposition of Special Safeguard Measures on the Imports of Selected Agricultural Products Originating in New Zealand in 2018
- GAC Announcement on the Release of Formats of Legal Instruments and Checklists Used under Relevant Rules and Regulations on Bonded Supervision Areas
- GAC Announcement on the Quantity of Two Categories of Agricultural Products Imported from Australia in 2017 and the Import Trigger Levels for 2018

- GAC Announcement on Matters Concerning Declaration of Origin under Certain Preferential Trade Arrangements
- GAC Announcement on Matters Concerning Automatic Tax Calculation for Customs Declaration Forms for Imports subject to Trade Relief Measures
- GAC Announcement on the Promotion of Paperless Customs Price Verification Process
- The General Administration of Customs and State Administration of Taxation of PRC Announcement on the Printing Reform Pilot for the Customs Special-purpose Invoice
- GAC Announcement on Standard Documents under “Administrative Measures of the Customs of the People’s Republic of China on Temporary Imports and Exports” and Specifications for Filling in Customs Declaration Forms
- GAC Announcement on Matters Concerning the Implementation of the Provisional Measures on Administration of PRC Customs Advance Ruling
- The State Administration of Taxation of PRC, Ministry of Finance, and the General Administration of Customs Announcement on the Pilot of Granting Ordinary VAT Payer Eligibility to Companies in Customs Special Supervision Areas

[More details](#)

[China: China Customs Issued an Announcement Regarding the Implementation of the PRC Customs Provisional Administrative](#)

The General Administration of Customs recently issued an announcement regarding the Implementation of the PRC Customs Provisional Administrative Measures on Advance Ruling, which comes into effect from 1 February 2018

[More details](#)

[China: Put forward proposals on customs tax administration with insight on Tariff Adjustment Plan 2018](#)

The Customs Tariff Commission of the State Council has published the Tariff Adjustment Plan 2018, based on which the tariffs on certain commodities will be adjusted. The main revisions are:-

- Further reduction of import tariffs on IT products
- Adjust the tentative import tax rate on certain commodities
- Cancel or reduce the export tariffs on certain commodities
- Implement the new conventional tariff
- Adjust tariff code

[More details](#)

Hong Kong SAR

[Hong Kong: Technical amendments to AEOI related to CRS](#)

The Hong Kong government gazetted the Inland Revenue (Amendment) Ordinance 2018. The ordinance makes technical amendments to certain provisions on the automatic exchange of financial account information (AEOI), so as to align the provisions with the common reporting standards (CRS) promulgated by the Organisation for Economic Cooperation and Development (OECD).

The amendments related to CRS will be effective 1 January 2019. [More details](#)

India

[India: AAR rulings dealing with the taxability of capital gains under the India-Mauritius tax treaty](#)

Recently, the Authority for Advance Rulings has announced two rulings dealing with the taxability of capital gains under the India-Mauritius tax treaty with different outcomes.

[More details](#)

[India: CBDT issues instruction with respect to the conduct of assessment proceedings in scrutiny cases electronically](#)

The Central Board of Direct Taxes (CBDT) has recently issued an instruction stating that except for search related assessments proceedings, in other pending scrutiny assessment, cases shall be conducted only through the 'E-Proceeding' functionality in Income –tax Business Application / e-filing

[More details](#)

[India: Indian FRRO registration, visa extension, conversion, etc goes digital](#)

In line with vision of 'Digital India', the government has now introduced an e-FRRO portal with an objective to provide faceless, cashless and paperless service to foreign nationals. This reform will also provide a user friendly experience to foreign nationals.

[More details](#)

[India: KPMG India Tax Konnect – February 2018](#)

KPMG in India provides developments on the tax and regulatory front and its implications on the way you do business in India.

[More details](#)

[India: No withholding of tax on salaries paid by an employer in India to its non-resident employees working outside India. Foreign Tax credit may be availed at withholding stage for resident employee](#)

The Authority for Advance Rulings has recently held the following:-

- Salary received in India by an employee qualifying as non-resident, in respect of employment rendered outside India, is accrued outside India. Consequently, the salary would not be taxable in India and the Indian employer would not be obliged to withhold tax at source in India; and
- Foreign Tax Credit may be considered at the withholding stage by the Indian employer while determining withholding tax on salary income for employees qualifying as Resident and Ordinary Resident in India.

[India: Rule 8D of the Income-tax Rules is prospective in nature and cannot be applied prior to AY 2008-09](#)

Supreme Court of India held that Rule 8D2 of the Income-tax Rules is prospective in nature and could not have been applied to any Assessment Year (AY) prior to AY 2008-09. The Supreme Court observed that every statute is prima facie prospective unless it is expressly or by necessary implications made to have retrospective operations.

[More details](#)

India: While making payment for purchase of property from a non-resident, tax is to be deducted on actual sale consideration and not on stamp duty value

The Hyderabad Bench of the Income-tax Appellate Tribunal held that the tax is required to be deducted from the actual consideration credited or paid and not on what the non-resident is deemed to have received from the sale of his property.

[More details](#)

Japan

Japan: Updated samples to assist filing CRS returns

Japan's tax agency issued updated versions of the sample XML and CSV files that are intended to assist financial institutions with the reporting of CRS returns.

[More details](#)

Myanmar

Myanmar: Investing in Myanmar

There have been many changes in the regulatory and investment climate in Myanmar over the last several years. This booklet aims to provide the prospective investor with an introduction to investment regulations in Myanmar, as well as basic information on investment incentives, business regulations, and taxes.

[More details](#)

Pakistan

Pakistan: A brief on the Companies Act, 2017 - Updated 3rd, 4th & 5th Schedule

This publication contains an analysis of the pertinent differences between the repealed and the new Act. We recommend that while considering the application of various sections to any particular case, reference should be made to the specific wordings of the relevant statute.

[More details](#)

Philippines

Philippines: Philippine Tax Calendar 2018

KPMG in Philippines (R.G. Manabat & Co.) Tax Calendar helps clients keep track of their tax obligations and duties, providing reminders of crucial filing dates.

[More details](#)

Singapore

Singapore: Go slow but go far in rebooting taxes for next-gen needs

Over the last decade, the two areas where government spending has been heavy are social and infrastructure investments. Against increased expenditures, the need for our tax system to catch up has certainly set the stage for a significant reboot of the tax engine in the Budget

[More details](#)

Singapore: GST Updates

In this issue, we update and discuss the salient changes to the recently updated IRAS GST e-Tax Guide on Clarification on 'Directly in Connection With' and 'Directly Benefit'

[More details](#)

Singapore: New AEOI electronic services for CRS returns

The IRAS has launched a new AEOI electronic services concerning CRS returns.

[More details](#)

Thailand

Thailand: Claiming the standard deduction or an itemized deduction

The filing deadline for the 2017 individual income tax return is fast approaching ie March 31, 2018. One of the key changes to the personal income tax regime, which is effective from the 2017 tax year onwards and which will impact self-employed income taxpayers, is the reduction of the standard expenses deduction

[More details](#)

Thailand: SMART Visa Program

Effective on February 1, 2018, qualifying foreign experts, executives, entrepreneurs and investors working or investing in the science and technology targeted industries may be eligible for a SMART visa.

[More details](#)

Thailand: Proposed new type of real property right called 'Sub-Ing-Sithi'

The Thai Cabinet approved, in principle, the Bill on Sub-Ing-Sithi (the "Bill"), which governs a new type of real property right called 'Sub-Ing-Sithi' proposed by the Ministry of Finance in order to create an alternative legal right to use real property in a new form in addition to the ownership and leasehold rights which could create investors' confidence to invest in Thailand and to facilitate their use of real property right..

[More details](#)

Vietnam

Vietnam: KPMG Tax Audit Support 2018

In February, tax authorities will announce their list of companies which require further scrutiny. The number of tax audits is increasing every year, and tax authorities in Vietnam are becoming very sophisticated in their procedures to identify companies who may deserve extra examination.

[More details](#)

[Vietnam: Translation of IRS guidance; TINs and date of birth](#)

The banking authority of Vietnam issued the Vietnamese translation of an IRS notice that provides U.S. guidance regarding the collection and reporting of taxpayer identification numbers (TINs) and date of birth.

[More details](#)

Significant International Tax Developments



OECD: Update on BEPS implementation, country-by-country reporting

The OECD announced the release of additional guidance on implementation of country-by-country (CbC) reporting under base erosion and profit shifting (BEPS) Action 13.

The additional guidance addresses two specific issues:

- The definition of total consolidated group revenue
- Whether non-compliance with the confidentiality, appropriate use, and consistency conditions constitutes systemic failure

[More details](#)

OECD: Investment schemes that circumvent CRS regime

The OECD announced the release of a consultation document to address how individuals may be using certain citizenship or residence rights in an attempt to circumvent the CRS regime.

[More details](#)

Calendar of Events

Date	Event	Location
1 March 2018	KPMG Singapore Budget 2018 Seminar Contact person: Kartini Rafiin More details	Orchard Hotel, 442 Orchard Rd, Singapore 238879
6 March 2018	Understanding Withholding Tax Contact person: Nora Kassimat / Haleena Azmanat More details	MYT Petaling Jaya, Malaysia
13 March 2018	A Practical Guide to Corporate Income Tax and Deferred Tax Contact person: Nora Kassimat / Haleena Azmanat More details	MYT Petaling Jaya, Malaysia
13 March 2018	Key Trends and Tax Compliance Updates in Global Mobility Contact person: KPMG China Market Services (Hong Kong) More details	KPMG Office, 23rd Floor, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong
13 & 14 March 2018	KPMG Goods & Services Tax (GST) Seminar 2018 Contact person: Sharon Ting More details	InterContinental Hotel Singapore, 80 Middle Road Singapore 188966

Beyond Asia Pacific

[Germany: Anticipated VAT legislation concerning online trading](#)

The Council of the EU in December 2017 adopted measures intended to simplify the value added tax (VAT) system for online businesses in the EU.

[More details](#)

[United States: KPMG report: Qualified opportunity zone investments under new tax law](#)

As part of the new tax law in the United States, a taxpayer may elect to defer capital gain from the sale or exchange of property by investing in a qualified opportunity zone fund until the earlier of (1) the disposition of the investment or (2) December 31, 2026.

[More details](#)

TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

KPMG Asia Pacific Tax Centre Contacts

Asia Pacific Regional Leader, Tax



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

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma Sharma – KPMG Asia Pacific Limited
Asia Pacific Tax Centre Leader,
Regional Tax Partner
T : +65 8186 7369
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



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

Financial Services Transfer Pricing



John Kondos – KPMG China
Asia Pacific Regional Leader,
Transfer Pricing Services in the
Financial Services Sector
T : +852 2685 7457
E : john.kondos@kpmg.com

Indirect Tax Services



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

Research & Development (R&D) Tax Incentives



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

Global Compliance Management Services

Global Mobility Services



Oi Leng Mak – KPMG in Singapore
 Asia Pacific Regional Leader,
 Global Compliance Management
 Services
 T : +65 6213 7319
 E : omak@kpmg.com.sg



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

International Tax



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

Deal Advisory M&A Tax



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

Dispute Resolution and Controversy



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

Legal Services



David Morris – KPMG Australia
 Asia Pacific Regional Leader,
 Legal Services
 T: +61 2 9455 9999
 E: davidpmorris@kpmg.com.au

Market Sector Specialists

Financial Services



Christopher Abbiss – KPMG China
 Asia Pacific Regional Tax Leader,
 Financial Services and Banking
 Sector
 T: +852 2826 7226
 E: chris.abbiss@kpmg.com

Alternative Investments & Private Equity



Simon Clark – KPMG in Singapore
 Asia Pacific Regional Tax Leader,
 Alternative Investments and Private
 Equity sector
 T : +65 6213 2152
 E : simonclark1@kpmg.com.sg

Sovereign Wealth and Pension Funds



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

Energy & Natural Resources



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

Insurance



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

<https://home.kpmg.com/xx/en/home/services/tax/regional-tax-centers/asia-pacific-tax-centre.html>

www.kpmg.com/tax

kpmg.com/socialmedia



kpmg.com/app



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG International Cooperative (“KPMG International”), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.