



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 12 April 2018



Asia Pacific Tax Developments

Australia

[Acquiring a subsidiary? Tax consolidation changes are now law](#)

Jenny Wong, from KPMG Australia, discusses legislation amendments affecting a subsidiary member's assets joining a tax consolidated group.

[More details](#)

[Australia: ATO observations on large business taxation issues](#)

KPMG Australia provides an outline of the ATO Deputy Commissioner's presentation on large business taxation issues to the KPMG Tax practice in Singapore. Themes emerging from this presentation and the subsequent panel discussion included:

- Transfer mis-pricing is seen by the ATO as the biggest driver of the income tax gap for large corporate groups in Australia.
- The ATO will continue to push to obtain information held offshore, with non-compliance with requests impacting review/audit processes and outcomes.
- Early engagement remains very high on the ATO agenda.

[More details](#)

[Australia: May Budget may impact R&D Tax Incentive](#)

KPMG Australia discusses the impact of potential significant changes to the R&D Tax Incentive in the upcoming Federal Budget. The key changes could be the introduction of a 1 percent intensity threshold, a \$4M cap on the annual refundable amount and a potential \$40M lifetime cap on the refundable amount.

[More details](#)

[Australia: Recent changes to FIRB Guidelines regarding agricultural land sales](#)

KPMG Australia discusses recent changes by the Government to the Foreign Investment Review Board Guidelines. The changes include:

- The requirement that sales of agricultural land and agribusiness are subject to an open and transparent sale process
- New guidance that clarifies that business exemption certificates are unlikely to be used with respect to acquisitions of interests in agribusiness and
- The introduction of the 'open and transparent sale process' as a condition imposed on land exemption certificates

[More details](#)

[Australia: Transforming your ESS reporting capability](#)

KPMG Australia discusses managing the increasing complexity of Employee Share Scheme reporting

[More details](#)

China

[China: China requests WTO consultations against U.S. tariffs on steel, aluminum](#)

China has requested World Trade Organization (WTO) dispute consultations with the United States concerning certain U.S. duties imposed on imports of steel and aluminum products. The request was circulated to WTO members on 9 April 2018.

[More details](#)

[China: Customs Policy Update - for the Period of March 2018](#)

The following matters are covered in this issue:-

- GAC notice on adjusting the way of declaring diamond for industrial uses imported and exported through general trade
- Measures of the General Administration of Customs of the People's Republic of China for Enterprise Credit Management issued by GAC
- The notice released by GAC and National Development and Reform Commission ("NDRC") on the revision of 16 unit consumption standards for processing trade
- The notice released by GAC on starting using the Bonded Goods Verification and Reconciliation Checklist
- The notice released by GAC to expand the scope of self-declaration and self-tax payment
- The notice released by Ministry of Commerce of People's Republic of China ("MOFCOM") on imminent expiry of some anti-dumping and countervailing measures in the second half of 2018

[More details](#)

India

[India: Fees received for domain name registration are taxable as royalty](#)

The Delhi Bench of the Income-tax Appellate Tribunal held that the rendering of services for domain registration amounts to use of an intangible property which is similar to trademark. Therefore, the fees received for such services are taxable as royalty.

[More details](#)

[India: Foreign Exchange Management \(Cross Border Merger\) Regulations, 2018](#)

The Ministry of Corporate Affairs had notified with effect from 13 April 2017 facilitating cross border merger/amalgamation/arrangement between Indian and foreign companies.

[More details](#)

[India: Government of India issues detailed visa guidelines](#)

The Government of India (GOI) had issued detailed visa guidelines in 2009 in the form of FAQs. The GOI has with an objective of simplification, ease in visa application and compliance, stamping out the grey areas, etc. The relaxation on foreign national to travel abroad within 14 days of his/her arrival into India without foreigner's registration and provision for Permanent Residency Status are noteworthy.

[More details](#)

[India: Payment for intellectual property rights is taxable as royalty in India](#)

The Mumbai Bench of the Income-tax Appellate Tribunal held that payment of royalty for Intellectual Property Rights (IPR) by the taxpayer to the U.S. entity is taxable in India.

[More details](#)

[India: Payments by television channel entity to advertising agencies are 'commission' under Section 194H of the Income-tax Act and therefore liable for deduction of tax at source](#)

The Supreme Court held that payments made by the taxpayer to advertising agencies are 'commission'. Therefore, the taxpayer has an obligation to deduct tax at source while making payments to such advertising agencies.

[More details](#)

[India: Reimbursement of lease line charges having no income element is not taxable in India. Amendment in the Income-tax Act does not apply to the provisions of India-U.S. tax treaty](#)

The Pune Bench of the Income-tax Appellate Tribunal held that reimbursement of expenditure (i.e., lease line charges) by the taxpayer to its US parent company do not include any income element and therefore the same is not subject to tax in India.

[More details](#)

[India: Vessels engaged in seismic surveys on the high seas, in connection with the exploration of mineral oil/natural resources, constitute fixed place PE under the India-UAE tax treaty](#)

The Authority for Advance Rulings held that the vessels engaged in seismic surveys on the high seas, in connection with the exploration of mineral oil/natural resources, through which applicant carries on its business, constitutes fixed place Permanent Establishment (PE) in India under Article 5(1) of India-UAE tax treaty (tax treaty).

[More details](#)

Myanmar

[Myanmar: No income tax rate changes in 2018 tax legislation; amendments concern goods and services tax and commercial tax](#)

There have been no significant changes in income tax rates. There have been some changes to the Special Goods Tax rate for certain cars (down to 10% from 20%) and some changes to the goods and services exemption from commercial tax such as the inclusion of inbound flights.

[More details](#)

New Zealand

[New Zealand: 5 year bright-line passes; rental loss ring-fencing proposal](#)

Legislation that extends the “bright line” period with respect to the taxation of sales of residential property to five years (from two years) received Royal Assent in late March 2018.

New Zealand officials also released a consultation document on restricting (“ring fencing”) certain residential rental tax losses.

[More details](#)

Pakistan

[Pakistan: Brief on the Economic and Tax Reforms Package](#)

Pursuant to the announcement of economic and tax reforms package by Prime Minister of Pakistan on April 06 2018, following Ordinances are promulgated by the President of Pakistan which will be effective from April 10 2018

[More details](#)

Philippines

[Philippines: Special InTAX: Let's Get on the TRAIN \(Tax Alert 14\)](#)

The Bureau of Internal Revenue (BIR) issued Revenue Memorandum Order (RMO) No. 16-2018; Revenue Regulations (RR) No. 14-2018 and 15-2018, and they affect the following:

- RMO No. 16-2018 modifies the Alphanumeric Tax Code (ATC) on Sweetened Beverages to facilitate the proper identification and monitoring of tax collection from excise tax
- RR 14-2018 amends sections 2 (WHT rates on income payments) and 14 (documents and forms necessary to obtain WHT exemption) of RR 11-2018.
- RR 15-2018 amends RR No. 8-2018, particularly on the due date for the updating of registration from VAT to non-VAT.

[More details](#)

Singapore

Singapore: Cost plus mark-up basis of assessment for service companies

The Inland Revenue Authority of Singapore clarified the scope of the “cost plus mark-up” basis of assessment for service companies, and provided rules for companies transitioning from the cost plus mark-up to the “normal trading company” basis of assessment

[More details](#)

Singapore: U.S. Tax Reform – Implications for Singaporean Corporate Taxpayers with U.S. Investments or Business Operations

After a long pursuit for U.S. tax reform, President Trump signed a bill on 22 December 2017, overhauling the U.S. tax system which has been in place since 1986. This article highlights some of the significant provisions that could impact the U.S. taxation of Singaporean companies with investments or business operations in the U.S.

[More details](#)

Thailand

Thailand: E-commerce tax – the Government’s response on the second public hearing on the proposed draft law

The Thai Revenue Department (TRD) has issued its comments addressing key issues raised by potentially impacted foreign e-commerce operators under the second public hearing that was conducted in early February 2018 on the second draft of the proposed e-commerce law.

[More details](#)

Thailand: New law to control residential lease contracts

The Committee on Contracts of the Consumer Protection Board has issued the Notification of the Committee on Contracts Re: Prescribing Residential Property Lease Business as Contract-Controlled Business (“Notification”). The Notification will become effective on 1 May 2018.

[More details](#)

Calendar of Events

Date	Event	Location
10 – 25 April 2018	KPMG Annual Customs roadshow in 2018 Contact: KPMG China Market Services More details	Hong Kong and various locations in China
10 April 2018 to 8 May	KPMG Tax Audit Support 2018 in Vietnam More details	Various locations in Vietnam
19 April 2018	Transfer Pricing, Tax Audits & Investigations Contact person: Sharon Leong Peck Sim More details	Maple Room, Level C, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya

27 April 2018	Malaysian GST – Fundamentals, Latest Developments, Tax Coding and Audits Contact person: Ms Pershen Kaur More details	One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya
24 May 2018	KPMG Seminar on Corporate Tax, GST and Transfer Pricing Updates for Professionals in Financial Institutions Contact person: Sharon Ting More details	Orchard Hotel Singapore

Significant International Tax Developments



OECD: New rules on “fictional residences” circumventing the AEOI

Since the automatic exchange of information (AEOI) was introduced globally, the Organisation for Economic Cooperation and Development (OECD) has been working towards closing any loopholes.

[More details](#)

OECD: New common reporting standard exchange agreement, implementation handbook

The OECD announced:

- A new set of bilateral exchange relationships established under the common reporting standard (CRS) multilateral competent authority agreement (MCAA)—the new CRS MCAA includes activations by Panama
- The second edition of the CRS implementation handbook

[More details](#)

OECD: Transfer pricing “country profiles” add new profiles

The OECD published new transfer pricing country profiles for 14 countries—Australia, China, Estonia, France, Georgia, Hungary, India, Israel, Liechtenstein, Norway, Poland, Portugal, Sweden, and Uruguay. These new profiles reflect the current transfer pricing rules and practices of each country.

[More details](#)

Beyond Asia Pacific

Malta: Tonnage tax regime, update

The European Commission in 2018—following a six-year period of review—approved the tonnage tax regime in Malta. The EC generally concluded that the measures under Malta’s tonnage tax regime were in line with EU state aid rules and that the tax relief provided by the regime was an appropriate method of addressing global shipping competition. Malta also made commitments about the tonnage tax regime in light of the EC’s determination.

[More details](#)

[United States: Updated FAQs on country-by-country reporting](#)

The IRS today released an updated version of “frequently asked questions” (FAQs) concerning country-by-country (CbC) reporting.

[More details](#)

TaxNewsFlash by Region

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

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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