



KPMG Asia Pacific Tax Weekly

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Asia Pacific Tax Developments

Australia

[“Instant” asset write-off extended for six months \(COVID-19\)](#)

Australia’s federal government announced plans for a six-month extension—to 31 December 2020—of the “instant” asset write-off provided as relief for businesses in response to the coronavirus (COVID-19) pandemic.

[New arbitration arrangements to assist resolution of international tax disputes](#)

KPMG Australia discuss new guidelines on the Mutual Agreement Procedure (MAP) and arbitration arrangements.

[Practical compliance guideline on JobKeeper program \(COVID-19\)](#)

The Australian Taxation Office released “practical compliance guideline” (PCG) 2020/4 in relation to the JobKeeper program and payments under the program.

Cambodia

[“Seniority payments” postponed \(COVID-19\)](#)

The Ministry of Labor and Vocational Training issued guidance announcing that back “seniority payments” to be made by certain sectors for before 2019 and for new seniority payment for 2020 are postponed until 2021.

[Tax relief for airlines, tourism sector, banks \(COVID-19\)](#)

The government announced additional tax relief measures for certain sectors in response to the COVID-19 pandemic.

China

[AEOI portal for CRS reports, open 1 August to 30 September 2020](#)

China’s tax authorities announced that the AEOI portal will be available for the submission of common reporting standard (CRS) reports from 1 August 2020 to 30 September 2020.

Hong Kong

[Subsidy payments, financial assistance grants exempt from tax \(COVID-19\)](#)

The Hong Kong government released guidance—known in English as “The Exemption From Salaries Tax and Profits Tax (Anti-epidemic Fund) Order”—to exempt from tax most payments or grants of subsidies and financial assistance given to individual and business taxpayers and made in response to the COVID-19 pandemic.

[US-HK trade, customs and tax –potential impacts](#)

On 27 and 29 May 2020, the US Secretary of State and US President respectively made announcements which, upon implementation, would potentially impact on the 'special' status of Hong Kong for trade, customs and tax purposes. It highlights the direct potential impacts on trade, customs and tax associated with these proposed decisions.

India

[CBDT notifies income tax return forms for the Assessment Year 2020- 21](#)

The Central Board of Direct Taxes (CBDT) has issued a notification amending Income Tax Return forms for Assessment Year (AY) 2020-21. The Notification also amended Rule 12 of the Income-tax Rules, 1962 (the Rules).

[In a court approved scheme, the resulting company is eligible to setoff brought forward losses transferred from the demerged company and claimed through a revised return](#)

The Kolkata Bench of the Income-tax Appellate Tribunal (the Tribunal) dealt with the set-off of brought forward losses transferred from the demerged company to the resulting company. The Tribunal held that the resulting company is eligible for set-off of brought forward losses claimed through a revised return.

[Interest on loan given to sister-concerns for equity infusion in group companies cannot be allowed as deduction under the Income-tax Act](#)

The Delhi Bench of the Tribunal dealt with the issue of allowability of interest on loan given to sister-concerns for equity infusion in group companies. The Tribunal held that such interest cannot be allowed as deduction under the Income-tax Act, 1961.

[Production linked incentive scheme \(PLIS\) to promote domestic manufacturing of Medical Devices](#)

With the objective to boost domestic manufacturing by attracting large investments in the medical devices sector, Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals, Government of India (GOI) has introduced PLIS.

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[The AAR rejects application because the arrangement was designed prima facie to avoid tax and to avail the benefit under the India-Mauritius tax treaty](#)

The Authority for Advance Rulings (AAR) rejected the application as the entire arrangement of sale of shares of Singapore company was designed prima facie to avoid tax in India.

[VAT Update Implanting of prosthetics into physiology or the body of the patient construed as 'works contract' – Madras High Court](#)

The Madras High Court has held that fitting out or implanting of prosthetics into physiology or the body of the patient for alleviation of pain or for improvement of the life of the patient in the course of medical surgical procedure can be construed as 'works contract'.

Indonesia

[Offshore e-commerce transactions subject to 10% VAT](#)

The Ministry of Finance issued a regulation (no. 48/PMK.03/2020) regarding the value added tax (VAT) treatment of certain offshore e-commerce transactions.

Japan

[Group relief system under 2020 tax reform; updated FAQs \(COVID-19\)](#)

Japan's National Tax Agency released a list of "questions and answers" (Q&As) about the Japanese group relief system under the 2020 tax reform, and also updated a set of "frequently asked questions" (FAQs) about relief being made available in response to the COVID-19 pandemic.

Malaysia

[Labuan Business Activity Tax \(Exemption\) Order 2020](#)

A Labuan entity carrying on a Labuan business activity related to pure equity holding, from complying with the requirement for an adequate number of full time employees in Labuan. The Labuan Exemption Order is deemed to have come into operation on 1 January 2019.

[Specific Indirect Tax Measures due to COVID-19 Impact – Updates \(2\)](#)

A summary of the specific Indirect Tax measures introduced by the Government due to the impact of COVID-19.

New Zealand

[Repairing Government Finances: Some taxing options?](#)

The Government is spending to protect the economy from COVID-19. What do you think the tax response, if any, should be?

[Tax bill introduced; wage subsidy, other relief extended \(COVID-19\)](#)

The government introduced a tax bill and also announced extensions of tax relief measures offered in response to the COVID-19 pandemic.

Philippines

[Measures to enhance, foster investments in REITs](#)

Various measures are intended to enhance the attractiveness of real estate investment trusts (REITs).

[VAT exemption for imported health-care equipment \(COVID-19\)](#)

The Bureau of Internal Revenue issued Revenue Regulations No. 06-2020 (March 2020) to provide an exemption from value added tax (VAT), excise tax, and other fees for imported health-care equipment and supplies as well as the raw materials for use in the manufacture of such equipment and supplies - provided that the importing manufacturer is included in the master list of the Department of Trade and Industry (DTI).

Singapore

[Fortifying businesses in a COVID-19 economy](#)

The fourth supplementary Budget addressing COVID-19 announced by Deputy Prime Minister Heng Swee Keat in Parliament. The Fortitude Budget demonstrates the Singapore Government's resolve in helping Singapore navigate to its new normal, where previous ways of working will be transformed and where the implications of COVID-19 will continue to unravel and be a long-term challenge.

Taiwan

[Updated CRS data preparation "tools"](#)

The tax authority of Taiwan released the common reporting standard (CRS) data preparation "tools" for financial institutions.

Thailand

[Functional currency for income tax purposes](#)

The Director-General of the Thai Revenue Department in late May 2020 issued a notice (No. 373) to provide guidelines on the requirements for application of companies and juristic partnerships to adopt a currency other than Thai Baht as their functional currency for income tax purposes.

Financial and operational considerations for manufacturers post COVID-19.



Significant International Tax Developments

Taxation of offshore indirect transfers, guidance for developing countries

The Organisation for Economic Cooperation and Development (OECD) announced the release of a “toolkit” on the taxation of offshore indirect transfers.



Beyond Asia Pacific

[Canada: Temporary electronic submission processes, international waivers and clearance certificates \(COVID-19\)](#)

The Canada Revenue Agency (CRA) introduced temporary electronic submission processes to expedite urgent requests for certain international waivers, “section 116 certificates of compliance,” and clearance certificates.

[South Africa: Cash-flow management and debt subordinations \(COVID-19\)](#)

The South African Revenue Service (SARS) is expected to closely monitor and review loan subordination agreements that are entered into during the course of the coronavirus (COVID-19) pandemic.



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



David Linke
Head of Tax & Legal,
KPMG Asia Pacific
T : +61 29335 7695
E : davidlinke@kpmg.com.au

Asia Pacific Tax Centre Leader, Regional Tax Partner



Brahma D Sharma
Chief Operating Officer, Tax & Legal
KPMG Asia Pacific
T : +65 8186 7369
E : brahmasharma@kpmg.com.sg

Service Line Specialists

Transfer Pricing Services



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

Research & Development (R&D) Tax Incentives



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

Indirect Tax Services



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

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KPMG Asia Pacific Tax Centre Contacts

Global Compliance Management Services and Financial Services



Jenny Clarke
Asia Pacific Regional Leader,
Global Compliance
Management Services and
Financial Services
KPMG International
T : +61 2 9335 7213
E : jeclarke@kpmg.com.au

Global Mobility Services



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

International Tax



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

Deal Advisory M&A Tax



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

Dispute Resolution and Controversy



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

Legal Services



Stuart Fuller
Asia Pacific Regional Leader,
Legal Services
KPMG International
T : +61 2 9458 1590
E : stuartfuller@kpmg.com.au

Trade & Customs



Leonie Ferretter
Asia Pacific Regional Leader,
Trade & Customs Services
KPMG International
T : +61 2 9455 9330
E : lferretter@kpmg.com.au

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KPMG Asia Pacific Tax Centre Contacts

Market Sector Specialists

Energy & Natural Resources



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

Insurance



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

Sovereign Wealth and Pension Funds



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



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