



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 3 September 2020



## Asia Pacific Tax Developments

### Australia

#### [ATO focus on “offshore gearing” structures, related-party financing](#)

The Australian Taxation Office (ATO) released guidance outlining concerns that the ATO has in relation to the tax outcomes of “offshore gearing” structures.

#### [Guidance on proposed extension of JobKeeper program \(COVID-19\)](#)

The ATO released a “fact sheet” as guidance for employers regarding the proposed extension to the JobKeeper payment program.

#### [Treatment of car fringe benefits \(COVID-19\)](#)

The ATO issued guidance that provides an overview of how it will administer the fringe benefits tax measures when the circumstances in which an employer provides a car fringe benefit have been affected by the coronavirus (COVID-19) pandemic.

#### [Updated “software developer kit guide,” FATCA and CRS regimes](#)

An updated “software developer kit guide” (SBR ebMS3) was released with the goal of helping identify key components and functionalities of the software developer kit (SDK) solutions for certain purposes including the FATCA and common reporting standard (CRS) regimes.



# Cambodia

## [Capital gains tax effective 2021](#)

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A capital gains tax will be effective 1 January 2021. The rate of the tax will be 20% of the amount of gain realized (subject to certain deductions), and the tax itself must be reported and paid within three months after the date of the transaction giving rise to the capital gains.

## [Updated procedures for taxpayer registration](#)

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The Ministry of Economy and Finance issued guidance that updates the procedures for taxpayer registration. The guidance supplements the existing rules (from 2016) and incorporates procedures for “e-registration” into the taxpayer registration process.

# China

## [Temporary closure of AEOI portal for CRS reports](#)

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China’s tax authorities announced that the AEOI portal for the submission of common reporting standard (CRS) reports will remain closed through 31 August 2020 to allow for “network adjustments.”

# Hong Kong (SAR), China

## [US’ Executive Order on Shipping Tax](#)

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The US government notified Hong Kong of its decision to suspend or terminate the agreement for double taxation relief in respect of income from the international operation of ships. The agreement had been in effect since 1989.

# India

## [Depreciation of goodwill for acquired business operations](#)

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The Delhi Bench of the Income-tax Appellate Tribunal held that the taxpayer was allowed depreciation on goodwill on acquisition of the business operations from a company. The taxpayer (an entity engaged in the business of transporting time-sensitive packages and cargo) had acquired the freight-forwarding business of an Indian entity.

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## [Guidance for mutual agreement procedure \(MAP\)](#)

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The Central Board of Direct Taxes (CBDT) in August 2020 issued guidance concerning the mutual agreement procedure (MAP) that contains the following four parts:

- Introduction and basic information
- Access and denial of access to MAP
- Technical issues
- Implementation of MAP outcomes

## [Long-term capital loss on sale of equity shares/equity oriented mutual funds on which STT is paid is not allowed to be set-off and carry forward](#)

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The Delhi Bench of Income-tax Appellate Tribunal held that a long-term capital loss on the sale of equity shares/equity-oriented mutual funds on which security transfer tax has been paid is not allowed to be set-off and carried forward.

## [Reimbursement of salary cost of seconded employees to foreign company not taxable as “fees for technical services” in India](#)

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The Delhi Bench of the Income-tax Appellate Tribunal held that the reimbursement made to foreign entities by an Indian company, for salary and other costs of seconded employees working in India, does not constitute fees for technical services under the applicable income tax treaties; and thus, there was no requirement to withhold tax.

## [Service tax update | Banks not liable for payment of service tax under reverse charge on correspondent bank charges – CESTAT, Delhi](#)

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The Customs, Excise, and Service Tax Tribunal, Delhi, noted that as facilitators to an Indian exporter, Indian banks act as a mediator between the exporter and the foreign bank representing the foreign importer. As such, the Indian banks are not the recipient of the services provided by the foreign bank. Thus, regarding the charges that are recovered or collected by the foreign bank, the Indian bank is not liable to pay services tax under the reverse-charge mechanism.

# Japan

## [Update of Q&A about Japanese Group Relief System](#)

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On 21 August 2020, the National Tax Agency has released the second edition of the Q&A (Japanese only, consisting of 65 questions) about the Japanese Group Relief System.

# Korea

## [Korean Tax Brief - August 2020](#)

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Update on current issues and trends including 2020 Tax Law Amendment Proposal.

# Malaysia

## [Guide on taxation of digital services by foreign service providers](#)

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The Royal Malaysian Customs Department issued an updated guide on digital services by foreign service providers.

## [Updated service tax policies reflect digital services tax measures](#)

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Malaysian authorities in August 2020 updated existing service tax policies to reflect changes made to the service tax law. In general, there are no major or significant changes to the existing service tax policies.

# New Zealand

## [Employer tax update, displaced employees \(COVID-19\)](#)

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Many employers are considering their tax obligations as a result of employees choosing to relocate to, or becoming stranded in, other jurisdictions because of the coronavirus (COVID-19) pandemic.

# Pakistan

## [Proposals to implement CRS rules](#)

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Draft changes to the rules for banking company reporting specifically include measures concerning the CRS regime.

# Singapore

## [GST legislative proposal](#)

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Pending legislation—GST Bill—would grant certain authority to the Inland Revenue Authority of Singapore to address goods and services tax fraud committed by certain traders.

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## [Updated CRS XML schema instructions](#)

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The Inland Revenue Authority of Singapore (IRAS) announced that beginning February 2021, it will adopt the new common reporting standard (CRS) XML schema (version 2.0) from the Organisation for Economic Cooperation and Development (OECD).

## Taiwan

### [Draft amendments to transfer pricing assessment rules](#)

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The Taiwan Ministry of Finance released draft amendments to certain provisions of the regulations governing transfer pricing assessments of non-arm's length transactions by profit-seeking enterprises.

### [Tax considerations for investments in renewable energy](#)

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Taiwan aims to increase the portion of energy from renewable resources by 2025.

## Thailand

### [KPMG named Asia Tax Firm of the Year at the ITR Awards](#)

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The firm wins across 15 premier national and regional categories at the ITR Asia Tax Awards 2020.

### [Tax relief for SMEs \(COVID-19\)](#)

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Royal Decree Nos. 707 and 708 provide tax relief for small and medium enterprises (SMEs) in response to the COVID-19 pandemic.



## Calendar of events

Date	Event	Location
7 September 2020	<a href="#">Demystifying Malaysian Withholding Tax</a>	Webinar
11 September 2020	<a href="#">Individual Tax Incentives and Workforce Planning in GBA</a>	Webinar

Contact: [Noiz Chu](#)

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## Beyond Asia Pacific

### [Italy: Recovery of late-charged input VAT following self-disclosure](#)

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The Italian tax authorities on 21 August 2020 issued guidance (ruling no. 267) that confirms the right of the recipient to recover value added tax (VAT) recharged by the supplier, following a self-disclosure by the supplier to correct the VAT treatment of the original transaction.

### [Nigeria: Court rejects 25% limit on certain retirement payments](#)

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The National Industrial Court of Nigeria (Abuja judicial division) held that measures limiting retirees above the age of 50 years to 25% lump-sum payments were contrary to provisions of Nigerian law.



## TaxNewsFlash by region

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)



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