



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 13 January 2022



## Asia Pacific Tax Developments

### China

#### [Individual income tax guidance](#)

The Ministry of Finance, and State Taxation Administration, issued three circulars that set forth the income assessment methodology for income generated by sole proprietorships and partnerships. The guidance in the circulars reflects certain individual income tax policies that may benefit salary income earners and encourage entrepreneurship while strengthening tax compliance.

### India

#### [Marketing services not taxable “fees for technical services” when rendered by a foreign company for Indian company’s business outside India](#)

The Bangalore Bench of the Income-tax Appellate Tribunal held that marketing services are not taxable as fees for technical services under a provision of the Income-tax Act, 1961 because such services were rendered by the taxpayer outside India and were used in business carried on outside India by an Indian company.

#### [Revisionary proceedings initiated by CIT against the final assessment order passed by the tax officer pursuant to DRP’s direction is invalid](#)

The Mumbai Bench of the Income-tax Appellate Tribunal quashed “revisionary proceedings” initiated by the Commissioner regarding the Assessing Officer’s final order. The tribunal observed that an order given pursuant to the Dispute Resolution Panel’s (DRP) direction is excluded from the revisionary proceedings, and that once the Assessing Officer issues an order in accordance with the directions issued by the DRP, this cannot be revised by the Commissioner.

## [Guidance clarifying customs treatment of automobile parts](#)

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The Central Board of Indirect Taxes and Customs issued guidance to clarify the treatment of “automobile parts” for customs tariff purposes. A judgment by India’s Supreme Court in a case, Westinghouse Saxby Farmer Ltd., resulted in divergent practices regarding the customs treatment of automobile parts.

## Japan

### [Updated FAQs under CRS regime](#)

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Japan’s tax agency updated a set of “frequently asked questions” (FAQs) under the common reporting standard (CRS) regime. The updated FAQ concerns the country (region) code that is to be used while creating the data provided for the report items.

## Malaysia

### [Deferment of Remittance of Withholding Tax \(“WHT”\) on Payments Made to Resident Individual Agents, Dealers or Distributors \(“ADDs”\)](#)

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The Inland Revenue Board (“IRB”) has, issued a media release to announce that the implementation of the remittance of the WHT will be deferred until 31 March 2022. In this regard, companies are allowed to remit the WHT, where applicable, on payments made to ADDs from January 2022 to March 2022, starting from 1 April 2022.

### [Exemption for foreign-source income is extended \(COVID-19\)](#)

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The Finance Ministry extended through 31 December 2026 a tax exemption available for foreign-source income for individuals and foreign-source dividend income for corporate taxpayers, subject to certain conditions. The relief is provided in response to the COVID-19 pandemic.

## Taiwan

### [Income tax withholding on cross-border payments for e-services](#)

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The Ministry of Finance announced amendments to the rules with regard to taxes withheld on payments made to foreign companies for electronic services (e-services) provided to customers in Taiwan.

### [Updated list of “low-risk” financial accounts](#)

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The Ministry of Finance announced that financial institutions originally listed as “entities that present a low risk of being used to evade tax” fall within the amended definition of “governmental entity” - under the common reporting standard (CRS) regime - resulting in the revocation of the list

## Thailand

### [Extended deadlines for submitting country-by-country reports](#)

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The Thai Revenue Department announced an extension of the deadlines for country-by-country (CbC) report submissions. The extensions are applicable for the fiscal year starting on or after 1 January 2021.



## Calendar of events

Date	Event	Location
13 January 2022	<a href="#">Start the new year with Tax insights on Singapore Real Estate investments</a>  Contact : <a href="#">Klenn Yeo</a> , +65 8819 6801  <a href="#">Kai Lin Liew</a> +65 8339 7831	Webinar
20 January - 21 January 2022	<a href="#">Navigating Uncertainties in Tax &amp; CPF Compliance</a>  Contact : <a href="#">KPMG Business School</a>	Webinar
27 January 2022	<a href="#">KPMG Banking Outlook 2022 Webinar</a>  Contact: <a href="#">Jessica Luk</a> at +852 2685 7620.	Webinar
27 January 2022	<a href="#">How the latest OECD's BEPS 2.0 Pillar Two rules will impact businesses in Hong Kong</a>	Webinar



## Beyond Asia Pacific

### [South Africa: Future of R&D tax incentive is being evaluated, discussion paper](#)

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The National Treasury released a discussion paper on the future of the section 11D—the research and development (R&D) tax incentive. Comments are due by 25 January 2022.

### [Poland: Advance payments of individual income tax, implications for employers](#)

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The Ministry of Finance issued a decree extending the deadline for collecting and transferring certain individual (personal) income tax advance payments. The decree was issued in response to the reduction in remuneration experienced by some taxpayers in January 2022 because of the launch of the “Polish Deal” program.



## TaxNewsFlash by region

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[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)



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