



KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 27 January 2022



Asia Pacific Tax Developments

Cambodia

[Delayed implementation of VAT on e-commerce transactions; VAT state-charge for “basic daily food”](#)

The tax administration issued guidance (Notification no. 776 GDT) to delay the implementation of the value added tax (VAT) on electronic commerce (e-commerce) transactions until 31 March 2022. The delay is to give taxpayers enough time to prepare and implement the new VAT on e-commerce transactions smoothly and effectively starting from 1 April 2022.

India

[Computation of capital gains on amounts received under a unit-linked insurance policy](#)

The Finance Act 2021 proposed to tax the maturity proceeds from unit-linked insurance policies (ULIPs) issued on or after 1 February 2021, if the aggregate annual premium exceeds INR 250,000 in any of the financial years during the term of any of the policies. Such taxable ULIPs are to be considered to be a capital asset and subject to capital gains tax. The Central Board of Direct Taxes (CBDT) issued a new rule specifying the method of computation of capital gains for these purposes.

[Allocation of salary costs to branch offices subject to goods and services tax \(GST\)](#)

The Maharashtra Appellate Authority for Advance Ruling (AAAR) determined that “common input services” provided to a head office by third-party suppliers and then further allocated to branch offices or units registered as distinct persons qualify as a taxable supply. The allocation of the cost of employees’ salary to the branch offices would be subject to GST.

Depreciation on increased amount of goodwill due to revaluation of debts and inventory, after slump sale

The Bangalore Bench of the Income-tax Appellate Tribunal held that the increased amount of goodwill due to revaluation of debts and inventory, after a slump sale, was eligible for depreciation. The tribunal observed that a taxpayer generally can claim depreciation on goodwill only with respect to the difference between the consideration paid at the time of the slump sale and the net value of assets that the taxpayer acquired under the slump sale, and not with regard to goodwill based on an exercise conducted after the slump sale.



Significant International Tax Developments

OECD: Transfer pricing guidelines for multinational enterprises and tax administrations

The Organisation for Economic Cooperation and Development (OECD) released the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022. According to the OECD release, the transfer pricing guidelines provide guidance on the application of the “arm’s length principle,” which represents the international consensus on the valuation, for income tax purposes, of cross-border transactions between associated enterprises.



Calendar of events

Date	Event	Location
27 January 2022	KPMG Banking Outlook 2022 Webinar Contact: Jessica Luk at +852 2685 7620.	Webinar
27 January 2022	How the latest OECD’s BEPS 2.0 Pillar Two rules will impact businesses in Hong Kong	Webinar
24 February 2022	Sales Tax and Service Tax: Fundamentals and Latest Developments Contact: taxevents@kpmg.com.my	Webinar



Beyond Asia Pacific

[South Africa: More time to provide comments regarding R&D tax incentive](#)

The National Treasury announced that the deadline for public commentary and completion of an online survey concerning the R&D tax incentive under section 11D has been extended to 7 February 2022 (from 25 January 2022).

[Poland: Reduced VAT rates on natural gas and electricity, ending January 2022](#)

The Minister of Finance issued a draft decree amending the decree on goods and services subject to reduced value added tax (VAT) rates.



TaxNewsFlash by region

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)



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