



# KPMG Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | 30 June 2022



## Asia Pacific Tax Developments

### Australia

#### [Proposed amendments to thin capitalisation rules](#)

During the recent election campaign, the Australian Labor Party announced it will replace the existing thin capitalisation safe harbour debt test (60% of assets) with the OECD recommended approach under BEPS Action 4 (Limiting base erosion involving interest deductions and other financial payments).

#### [Cryptocurrencies not regarded as foreign currency for tax purposes](#)

The Australian government will continue to exclude cryptocurrencies from foreign currency tax arrangements. Accordingly, while cryptoassets will not be regarded as a foreign currency for tax purposes in Australia, capital gains tax will continue to be applied to cryptoassets that are held as investments.

#### [Tax measures in 2022-2023 budget \(Queensland\)](#)

The 2022-2023 budget for Queensland includes payroll tax measures and proposals concerning the coal royalty rate. The budget does not contain any significant new revenue measures in relation to transfer duty and land tax.

#### [Tax measures in 2022-2023 budget \(New South Wales\)](#)

The New South Wales budget for 2022-2023 proposes property tax and payroll tax measures.

# Bangladesh

## [Tax proposals in Finance Bill 2022](#)

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Tax measures proposed in Finance Bill 2022 include Income tax and value added tax changes.

# Cambodia

## [Guidance regarding loans between related parties; interest rate and supporting documentation](#)

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The General Department of Taxation (GDT) issued guidance regarding loans between related parties and specifically addressing documents to support taxpayer claims about related-party loans.

# Hong Kong (SAR), China

## [Proposed changes to offshore regime for passive income](#)

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The government of Hong Kong (SAR), China—in response to the European Union's concerns about Hong Kong (SAR), China's offshore regime for passive income—proposed a revised foreign-source income exemption regime.

# India

## [Updated guidance for mutual agreement procedure \(MAP\)](#)

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The Central Board of Direct Taxes (CBDT) issued updated guidance concerning the mutual agreement procedure (MAP).

## [Tax treatment of interest income under treaty with Japan](#)

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The Mumbai Bench of the Income-tax Appellate Tribunal held that taxpayer's interest income was not attributable to a permanent establishment (PE) in India. The tribunal found that the income, while not taxable as business income, was taxable as interest under the India-Japan income tax treaty.

## [Uniform procedures for GST refund claims; tax withholding on benefits](#)

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KPMG in India has prepared reports about the following tax developments:

- Clarification on procedures for GST refund claims
- Guidelines to address tax withholding, benefits from business or profession

## [Guidance on tax withholding, transfers of virtual digital assets](#)

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The Central Board of Direct Taxes (CBDT) issued guidelines in a “question and answer” (Q&A) format regarding the rules for withholding (deducting) tax at source for consideration paid for the transfer of a virtual digital asset.

## Malaysia

### [Extension of payment period under voluntary disclosure program for indirect taxes](#)

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The tax authority implemented a tax amnesty and voluntary disclosure program for taxpayers to resolve unpaid indirect taxes—including sales tax, service tax, goods and services tax, and import and export customs duty liabilities—the first phase of which opened in January 2022. Due to overwhelming response under the first phase of the program, the tax authority has agreed to extend the payment period for the first phase to 14 July 2022.

### [Sales tax exemption on purchase of passenger cars ends 30 June 2022](#)

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The Ministry of Finance issued a media release regarding the sales tax exemption available with regard to the purchase of passenger cars. Purchasers who “book” a vehicle purchase by 30 June 2022 can still benefit from the sales tax exemption, and the registration date with the Road Transport Department Malaysia for the vehicle is extended through 31 March 2023.

### [Summary of income and stamp tax developments for second quarter 2022 \(COVID-19\)](#)

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KPMG in Malaysia prepared a summary of tax developments for the second quarter of 2022, which includes a discussion on the income and stamp tax developments.

## Pakistan

### [AEOI implementation manual](#)

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The tax authority issued an Automatic Exchange of Information (AEOI) implementation manual, in order to standardize and improve the process of compliance by reporting financial institutions and provide for the efficient exchange of common reporting standard (CRS) reciprocal data.

## Philippines

### [Tax audits, compromise penalties \(court decisions\)](#)

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The Court of Tax Appeals en banc issued the following tax-related decisions.

## Thailand

### [Six-month extension of certain customs-related relief measures \(COVID-19\)](#)

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The Thai Customs Department has extended certain coronavirus (COVID-19) relief measures for another six months (from 1 April 2022 until 30 September 2022) to provide support to business operators encountering financial difficulties resulting from the pandemic.

## Developments for Long-Term Resident Visa in Thailand

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Effective 1 September 2022, Thailand will be offering a new long-term resident (LTR) visa to four categories of foreign nationals: wealthy global citizens, wealthy pensioners, work-from-Thailand professionals, and highly skilled professionals. Spouses and dependents of LTR visa holders will also qualify for the same visa.

## Vietnam

### Guidance on interest rate subsidies; new draft law on electronic transactions; one-way remittance

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KPMG in Vietnam prepared a report regarding the following recent guidance and developments:

- Decree on interest rate subsidies from the State Bank of Vietnam for loans of enterprises, cooperatives and household businesses
- Draft law on electronic transaction
- Draft circular providing guidance on one-way remittance
- Decision on approval of the strategy on foreign investment cooperation in the 2021 – 2030 period



## Beyond Asia Pacific

### Cyprus: Reduced rate of 3% tax on interest from certain savings certificates and bonds

Amendments to a special defense contribution levy, published in the official gazette on 8 June 2022, concern taxpayers subject to the reduced rate of 3% tax on interest accrued from savings certificates and bonds issued by the Cypriot government as well as from certain corporate bonds.

### Mexico: New obligations for information about “controlling beneficiaries,” part of 2022 tax reforms

As part of the tax reforms of 2022, various modifications were made to the federal tax code to introduce new obligations regarding the information that must be kept and delivered to the authority with regard to “controlling beneficiaries” (in some situations, referred to as ultimate beneficial owners). In accordance with these reforms, legal entities, trustees, settlors or trustees (as well as contracting parties of any legal entity) are required to maintain as part of their accounting records, information about their controlling beneficiaries.

### Slovakia: Implementation of EU directive on reporting obligations of digital platforms (DAC7)

The Slovak Parliament approved legislation incorporating the seventh directive on administrative cooperation (DAC7) in the field of taxation directive—the directive for EU Member States to collect and automatically exchange information on income earned by sellers on digital platforms.



## TaxNewsFlash by region

Africa

Americas

Europe

United  
States



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