



Asia Pacific Tax Weekly

KPMG Asia Pacific Tax Centre | Content to 17 November 2016



Asia Pacific Tax Developments

Australia

Australia: ATO's tax controversy approach – coming up trumps?

Last month, the Australian Taxation Office (ATO) released its 2016 Annual Report.

KPMG Australia draws some analogies between the ATO's approach to tax controversy and the US election.

[More details](#)

Australia: Labor super reform package mistakes targeted policies for loopholes

KPMG Australia argues that Labor's super reform package released last week mistakenly labels 'catch up' concessional contributions and deductibility of personal superannuation contributions as 'tax loopholes'.

[More details](#)

Australia: Mr. Trump's Tax Policies – what do they mean?

KPMG Australia outlines the tax policies of Donald Trump, the US President–Elect and what they mean for the US economy and Budget and the global tax agenda.

[More details](#)

Cambodia

Cambodia: Technical Updates, October 2016

KPMG in Cambodia alerts taxpayers to the following new regulations:

- New Minimum Wage for Textile, Garment and Footwear Manufacturing Sectors for the year 2017
- Online Business Re-registration with the Ministry of Commerce (MoC) delayed until 31 December 2016

[More details](#)

China

China: AEOI guidance, due diligence and financial accounts of non-residents

China's tax authorities issued draft guidance measures setting forth the principles and procedures for Chinese financial institutions to apply in identifying and collecting the financial accounts of non-residents for purposes of the automatic exchange of financial information in tax matters (AEOI) standard.

[More details](#)

China: Customs Policy Update, October 2016

KPMG China provides various customs policy updates such as:

- The State Administration of Taxation, the Ministry of Finance and the GAC carry out pilot in granting VAT general taxpayer qualification to enterprises in customs special regulatory areas
- China Customs Authority conducts pilot of independent customs declaration and tax payment for imported goods
- Introduction of incentive measures for customs senior certified enterprises
- Import information system for cross-border e-commerce can be accessed by enterprises
- On-line operation of GAC's cooperative platform between customs and enterprises
- Announcement and abolition of classification policies for certain goods
- The GAC decided to carry out pilot reform of tax collection and administration methods

[More details](#)

China: Pilot program for new Employment Permit (Shanghai)

On 1 October 2016, the State Administration of Foreign Expert Affairs launched a pilot program to simplify foreigners' application for Employment Permit in the PRC.

According to the guidelines of the pilot program, the former Alien Employment Permit and Foreign Expert Certificate which were issued by two different government authorities will now be consolidated into one single permit. Shanghai, as one of the first cities in the nation to pilot the program, officially kick started on 1 November 2016 to establish the new mechanism for administration of work visa applications.

[More details](#)

China: Tax Weekly Update - Issue 43

KPMG China issues a newsletter that provides various tax updates on the followings:

- Global Forum advances tax transparency agenda
- China adopts law on cybersecurity (Decree of the President No. 53)
- Tax deductions for deposit insurance premiums clarified (Cai Shui [2016] No. 106)
- Preferential import tax policy for fracking equipment (Cai Guan Shui [2016] No. 45)
- Export tax refund rates improved (Cai Shui [2016] No. 113)

[More details](#)

China: Tax incentive policy on equity based compensation

KPMG China reached out to various local tax authorities to seek clarifications on some of the practical implications of Circular 101 and Announcement 62 and alerts taxpayers to some of the key points.

Circular 101 sets out the qualifying criteria for enjoyment of the favourable tax treatment, and is supplemented by SAT Announcement 62 providing administrative guidelines and detailed implementation rules.

[More details](#)

China: VAT pilot program launched in seven bonded customs zones

Guidance jointly issued by government agencies provides a value added tax (VAT) pilot program in seven bonded customs zones.

Under the VAT pilot program, selected enterprises would be subject to the same tax and customs regulations (i.e., pertaining to customs duty, VAT and consumption tax) as would an “out-of-the-zone” domestic enterprise.

[More details](#)

India

India: Assessing Officer required to allow weighted deduction, once R&D facility is approved by DSIR

A Visakhapatnam Bench of the Income-tax Appellate Tribunal held that the Department of Scientific and Industrial Research (and not the Assessing Officer) had authority to reach a decision concerning a research and development facility, but once approved and assuming appropriate application by the taxpayer, the Assessing Officer must allow the weighted deduction as claimed by the taxpayer.

[More details](#)

India: Completion certificate from government authority not required for claiming losses on residential property

The Mumbai Bench of the Income-tax Appellate Tribunal held that a completion certificate (proof of construction of the property having been completed) need not necessarily be from a government authority in order to claim a deduction with respect to the house property.

[More details](#)

India: Indian subsidiary represented by managing director constitutes "permanent establishment" in India

The Chennai Bench of the Income Tax Appellate Tribunal found that because the taxpayer's subsidiary in India, as represented by its managing director, constituted a fixed place of business and thus a permanent establishment in India, the amount received by the taxpayer for a project was taxable in India.

[More details](#)

India: Nepalese and Bhutanese nationals deemed to be Indian workers

India's Ministry of Labour and Employment found that Nepalese and Bhutanese nationals were deemed to be Indian workers.

[More details](#)

India: Rules restricting depreciation rate to 40%

The Central Board of Direct Taxes issued guidance (a notification) that amends Rule 5 of the Income-tax Rules, 1962, to provide that: (1) the depreciation allowance for an eligible domestic company for "any block of assets" is limited to 40% on the written down value of that block of assets, effective 1 April 2016; and (2) the table of depreciation rates has been amended, and previous depreciation rates of 50%, 60%, 80% and 100% are now limited to 40%, effective 1 April 2017.

[More details](#)

Japan

Japan: Enhanced penalties for deficient customs declarations or non-declarations

The Customs and Tariff Bureau of the Ministry of Finance of Japan has issued guidance regarding certain regulatory changes resulting from the 2016 Tax Reform Act, and setting forth increases in penalties that may be imposed on importers for deficient customs declarations or for non-declarations.

The measures in the 2016 Tax Reform Act are effective beginning 1 January 2017.

[More details](#)

Malaysia

Malaysia: Double tax deduction incentive available for qualifying expenses of companies

The greater the percentage increase in chargeable income compared to the previous Year of Assessment (YA), the greater the tax cut on the increase in chargeable income.

[More details](#)

Philippines

Philippines: Taxpayer identification numbers; cooperative members and certificates of tax exemption

The Bureau of Internal Revenue issued a Revenue Memorandum Circular to clarify the Taxpayer Identification Number (TIN) requirement for members of cooperatives applying for Certificate of Tax Exemption (CTE) under Revenue Memorandum Order No. 76-2010 and RMC No. 81-2010.

The Circular allows the processing and issuance/revalidation of CTEs of qualified cooperatives which do not have yet the TIN of members, provided that they submit, in lieu thereof, an original copy of Certification under oath of the list of cooperative members, with their full name and capital contribution.

[More details](#)

Calendar of Events

Date	Event	Location
22 November - 14 December 2016	2016 KPMG China Annual Tax Update Conference Contact person: KPMG China Market Services More details	China Hong Kong
10 January 2017	Forms IR8A/IR21 remuneration reporting workshop Contact person: Surani Hanna More details	Singapore

Beyond Asia Pacific

Belgium: Guidance on new annual tax on credit institutions

A Royal Decree providing guidelines for implementing the new annual tax imposed on credit institutions was published in the Belgian official gazette.

[More details](#)

TaxNewsFlash by Region

For the latest tax developments from other regions see the following links:

[Africa](#)

[Americas](#)

[Europe](#)

[United States](#)

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